

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

APPLICATION RECORD
(returnable on August 1, 2007)

(Volume I of II)

Dated: July 31, 2007

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TO: THIS HONOURABLE COURT

AND TO: LENCZNER SLAGHT ROYCE SMITH GRIFFIN
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Solicitors for Davidson Kempner Partners

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Court File No.

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Applicants

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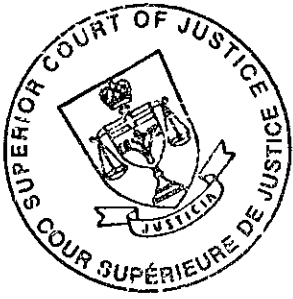
- 1 Notice of Application dated July 31, 2007
- 2 Affidavit of G. Wesley Voorheis sworn July 31, 2007

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- A Press release issued by Hollinger on April 10, 2007
- B Schedule 13D Statement filed with the SEC by the Applicants on June 11, 2007
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Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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CANADA INC. AND SUGRA LIMITED

Applicants

NOTICE OF APPLICATION
(Re: CCAA Proceeding)

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following pages.

THIS APPLICATION will come on for a hearing before a judge presiding over the Commercial List on August 1, 2007 at 10:00 a.m. at 330 University Avenue, Toronto.

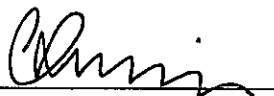
IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38C prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION, BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: August 1, 2007

Issued by:


Local Registrar

Address of court office:
330 University Avenue
Toronto, Ontario
M5G 1E6 1R7-CL

TO: THIS HONOURABLE COURT

AND TO: LENCZNER SLAGHT ROYCE SMITH GRIFFIN

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AND TO: GOODMAN'S LLP
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Solicitors for Davidson Kempner Partners

APPLICATION

1. The Applicants make this application for an Order:
 - (a) abridging the time for, or dispensing with, service of further service of this Notice of Application and the Application Record herein;
 - (b) abridging the time for filing this Notice of Application and the Application Record herein;
 - (c) declaring that the Applicants are “affiliated debtor companies” within the meaning of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) and that the CCAA applies to each of the Applicants;
 - (d) staying all proceedings against the Applicants and their respective directors and officers;
 - (e) authorizing the Applicants to carry on business in a manner consistent with the preservation of their business and property and to make certain payments in connection with their respective businesses and the proceedings herein;
 - (f) appointing Ernst & Young Inc. as monitor of the Applicants;
 - (g) authorizing the Applicants to file a plan of compromise or arrangement with their creditors; and
 - (h) granting such further and other relief as this Honourable Court may deem just.
2. The grounds for the application are:
 - (a) the Applicants are companies to which the CCAA applies;
 - (b) the Applicants intend to propose a plan of compromise or arrangement with their creditors;

- (c) the Applicants require a stay of proceedings and the other relief requested in order to:
 - (i) preserve the status quo, thereby preventing the its noteholders from taking steps that would significantly impair the Applicants' rights and interests; (ii) stay any action from being taken against the Applicants or their assets, including under the Security; and (iii) enable the Applicants to continue to negotiate and finalize a settlement with Sun Times Media Group, Inc.;
 - (d) the Applicants require a stay of proceedings and the other relief requested in order to enable the Applicants to prepare a plan of compromise or arrangement;
 - (e) due to the nature of this application, it has not been possible to provide all interested parties with notice;
 - (f) the provisions of the CCAA;
 - (g) Rules 2.03, 3.02, 14.05 and 38 of the *Rules of Civil Procedure*; and
 - (h) such further and other grounds as counsel may advise and this Honourable Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the Affidavit of G. Wesley Voorheis sworn on July 31, 2007;
 - (b) the Consent of Ernst & Young Inc. to act as Monitor dated July 30, 2007; and
 - (c) such further and other material as counsel may advise and this Honourable Court permit.

Dated: July 31, 2007

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Solicitors 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)**

Proceeding Commenced at Toronto

**NOTICE OF APPLICATION
(RE: CCAA PROCEEDING)
(RETURNABLE ON AUGUST 1, 2007)**

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TAB 2

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CANADA INC. and SUGRA LIMITED

Applicants

AFFIDAVIT OF G. WESLEY VOORHEIS
Sworn July 31, 2007
(CCAA Initial Order)

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Applicants

AFFIDAVIT OF G. WESLEY VOORHEIS
(Sworn July 31, 2007)

I, G. Wesley Voorheis, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am a director and the Chief Executive Officer of Hollinger Inc. ("Hollinger"). I am also a director and an officer of Hollinger's wholly-owned subsidiaries, Sugra Limited ("Sugra") and 4322525 Canada Inc., formerly 504468 N.B. Inc. ("432") (together with Hollinger, the "Applicants") and am authorized by each of the Applicants to swear this Affidavit.
2. Commencing in early 2004, I acted as an advisor to Catalyst Fund General Partner I Inc. ("Catalyst"), the general partner of a significant shareholder of Hollinger, with respect to that shareholder's investment in the Company. In my prior role as advisor to Catalyst, I was involved in the various actions that Catalyst took seeking to protect the interests of

the minority shareholders of Hollinger, including: (i) the proceeding that Catalyst commenced in the Ontario Superior Court of Justice for the appointment of an inspector (the “Inspector”) under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “CBCA”); (ii) Catalyst’s proceeding to seek the removal of certain directors and officers of Hollinger; (iii) Catalyst’s opposition to the attempt by Conrad H. Black (“Black”) to privatize Hollinger; and (iv) Catalyst’s efforts to reconstitute Hollinger’s Board of Directors.

3. My role as an advisor to Catalyst terminated in May, 2006.
4. I have personal knowledge of the matters to which I herein depose. To the extent that I do not have such personal knowledge and am advised by others who are identified in this Affidavit, I believe such information to be true.

I. NEED FOR IMMEDIATE PROTECTION - OVERVIEW

5. The Applicants are insolvent and are “debtor companies” to which the *Companies’ Creditors Arrangement Act* (the “CCAA”) applies.
6. The Applicants’ principal asset is its controlling interest in Sun-Times Media Group, Inc., formerly Hollinger International Inc. (“STMG”) through its ownership of the Class A common stock and Class B common stock of STMG (defined as the “Class A shares” and “Class B shares”, respectively). The Class B shares form part of the Security pledged in favour of the holders of certain Notes (the “Noteholders”) pursuant to Indentures and Security (each as herein defined) issued by Hollinger in 2003 and 2004. The Applicants are in default under the Indentures and the Security is enforceable, subject to applicable law.

7. The Class B shares owned by the Applicants have a ten to one multiple voting right that allows the Applicants to control STMG. The Applicants hold approximately 19.7% of the equity and 70% of the voting power of all outstanding voting securities of STMG. Pursuant to STMG's Articles (as herein defined), the multiple voting right of the Class B shares automatically converts to a single vote upon enforcement of the Security comprising the Class B shares. In addition, enforcement of the Security may trigger a shareholder rights plan adopted by STMG (the "STMG Rights Plan"). The STMG Rights Plan, if triggered, would effectively destroy the value of the economic interest of the Applicants in STMG. If the Noteholders are permitted to enforce the Security, the Applicants would suffer significant and irreversible prejudice through a unilateral loss of voting control over STMG.
8. Given the significant interest held by the Applicants in STMG, and the Applicants' stated intention to take steps to improve the value of its largest asset, the Applicants engaged in negotiations with STMG with a view to reaching a global settlement of all of the outstanding litigation, inter-company claims and related matters as between the Applicants, on the one hand, and STMG on the other. These discussions have been ongoing for some time, to the knowledge of all stakeholders including the Noteholders. On April 10, 2007 Hollinger issued a press release regarding the status of its negotiations with STMG. Attached and marked as Exhibit "A" is a copy of the press release.
9. On June 11, 2007, the Applicants filed a Schedule 13D statement with the United States Securities and Exchange Commission ("SEC"), advising that they were continuing to consider and evaluate the alternatives available to maximize value for all shareholders and other stakeholders of the Applicants. This would include ongoing discussions with

management and other shareholders of STMG regarding STMG's strategic plan, and exercising the Applicants' right to nominate members to STMG's Board of Directors. Attached and marked as Exhibit "**B**" is a copy of the Schedule 13D statement filed by the Applicants on June 11, 2007.

10. Negotiations between the Applicants and STMG on a global settlement were substantially advanced as of early July, and the only financial term that remained unresolved was the timing of payment of a portion of the consideration to be paid to STMG. The terms of the Settlement are confidential, but would have allowed both STMG and the Applicants to move forward and take the steps necessary to commence a value-maximizing process for STMG, to the benefit of all stakeholders of each of these companies. Under the proposed settlement, the Applicants maintained their economic interest as a significant shareholder of STMG.
11. On July 20, 2007, I learned that Davidson Kempner Partners ("DK"), a holder of a significant percentage of the Notes, had been engaged in negotiations directly with STMG involving a proposed settlement of all outstanding issues between STMG, the Applicants and the Noteholders, without the knowledge of or involvement of the Applicants. These negotiations between DK and STMG led to a restructuring proposal being presented to the Applicants (the "DK Proposal"). While the terms of the DK Proposal are confidential, it provides for significant benefits to DK, to the detriment of the Applicants and their other stakeholders. In particular, it seeks to eliminate the Applicants' economic interest as a shareholder of STMG, and therefore the ability of the Applicants to proceed with a value enhancing process at STMG.

12. On July 24, 2007, I advised STMG in writing that, notwithstanding our initial reaction to the unfavourable terms of the DK Proposal, in order to fully consider its terms we would need to receive certain information and documents, a list of which I subsequently provided by electronic mail message on July 26, 2007. To date we have not received any of the requested information or documents. Attached and marked as Exhibit "C" is a copy of my letter to STMG dated July 24, 2007 and my subsequent email message of July 26, 2007.
13. On Friday, July 27, 2007, I received a telephone call from Avi Friedman, Managing Member of DK, requesting that I confirm the Applicants' position on the DK Proposal that we had just received on July 20, 2007. Mr. Friedman also advised me that the terms of the DK Proposal would not be amended in any manner as it affects the Noteholders, and that the Applicants have until Wednesday, August 1, 2007 to confirm if they are prepared to accept the terms. Mr. Friedman further advised that if a deal had not been accepted by that date, DK would thereafter accelerate the indebtedness owing under the Notes with notice to the Applicants.
14. The Applicants seek protection under the CCAA in order to: (i) preserve the *status quo*, thereby preventing DK from taking steps that would significantly impair the Applicants' rights and interests; (ii) allow a strategic process to be undertaken as it relates to each of STMG and the Applicants; and (iii) stay any action from being taken against the Applicants or their assets, including under the Security.
15. Notwithstanding the commencement of this proceeding, a global settlement could still be reached with STMG. If a settlement is reached with STMG, it will be brought before this

Honourable Court for approval. Any action that seeks to undermine the Applicants' ability to maximize the value of its primary asset (its shareholdings in STMG), would have an irreparable and material adverse effect on the Applicants and their stakeholders.

II. CORPORATE STRUCTURE OF THE APPLICANTS

A. Hollinger

16. Hollinger is a corporation continuing under the CBCA, resulting from the 1985 amalgamation of Argent Holdings Inc., Hollinger Argus Limited (incorporated on June 28, 1910) and Labmin Resources Limited. Hollinger is a publicly held investment holding company and a "mutual fund corporation" under the *Income Tax Act* (Canada).
17. Hollinger, a corporation whose shares are publicly traded on the Toronto Stock Exchange, directly or indirectly owns 100% of the equity of each of the other Applicants. Attached as Exhibit "**D**" hereto is a simplified version of the current organizational chart for the Applicants.
18. Hollinger's share capital is comprised of retractable common shares and retractable Series II Preference Shares (the "Preference Shares"). There are currently approximately 35 million common shares and 1.7 million Preference Shares outstanding.
19. Hollinger's majority shareholder is The Ravelston Corporation Limited ("Ravelston"), which holds, directly or indirectly through its subsidiaries, approximately 78% of the outstanding common shares of Hollinger. The remainder of Hollinger's common shares are widely-held.

B. Hollinger's Subsidiaries

20. Sugra is a wholly-owned subsidiary of Hollinger and is incorporated under the *Business Corporations Act* (Ontario) (the "OBCA"). Sugra is a covenantor under the Indentures.
21. 432 is a wholly-owned subsidiary of Sugra incorporated under the CBCA. 432 has guaranteed Hollinger's obligations under the Indentures and has granted security over certain of its assets, including its shares of STMG, in support of these obligations pursuant to the Security.
22. Each of the Applicants is a Canadian company having a substantial connection to Ontario, and having its centre of main interest ("COMI") in Ontario. The location of each Applicant's registered head office is in Ontario. In addition:
 - (a) each of the Applicants was incorporated pursuant to laws in Canada, being either incorporated federally under the CBCA, continued under the CBCA or incorporated under the OBCA;
 - (b) each Applicant's mailing address is an Ontario address;
 - (c) the directors and officers of the Applicants are residents of Ontario;
 - (d) all decision-making and control in respect of the Applicants takes place at the common principal place of business of the Applicants in Ontario;
 - (e) the Applicants' principal banking arrangements are conducted in Ontario through Canadian Imperial Bank of Commerce; and

- (f) all administrative functions including accounting, financial reporting, budgeting and cash management are conducted in Ontario and all of the employees who perform such functions are situated in Ontario.

C. Present Management of Hollinger

- 23. Hollinger's most recent annual general meeting of shareholders (the "2007 Shareholders' Meeting") was held on May 7, 2007, at which time the current board of directors was re-elected. RSM Richter Inc. ("Richter"), in its capacity as court-appointed receiver and manager and Monitor of Ravelston and certain other parties, as the representative of 78% of the outstanding common shares of Hollinger, attended the Shareholders' Meeting and voted for the re-election of Hollinger's proposed slate of directors.
- 24. All of the existing directors and officers of Hollinger are independent from Black and the Ravelston Group (as hereafter defined). They were appointed pursuant to a court proceeding and were confirmed at the recent Shareholders' Meeting.

III. HOLLINGER'S BUSINESS

- 25. The Applicants do not conduct any direct business operations of their own. Their primary asset is their direct and indirect ownership interest in STMG. Through its operating subsidiaries, STMG owns and publishes The Chicago Sun-Times and various community newspapers in the Chicago area. The other principal assets of the Applicants are (i) their shares of a foreign subsidiary located in the Cayman Islands; (ii) Hollinger's interest in certain Canadian subsidiaries; (iii) Hollinger's secured claims against Ravelston; (iv) cash or cash equivalents, including restricted cash; and (v) litigation claims.

26. Hollinger has been faced with a unique set of challenges. These challenges include a substantial decline in the price of the Class A shares of STMG, complex litigation against Hollinger and by Hollinger against third parties, Canadian and US regulatory compliance issues and incurable defaults under the terms of the Indentures, explained in detail below. The Applicants' financial position and the value of the shares of Hollinger are largely dependent upon the financial performance and valuation of their underlying assets, principally their interest in STMG. Once the value of STMG increases, this value can be realized for the benefit of the stakeholders of the Applicants.
27. STMG is currently implementing an operating plan designed by its management to improve the performance of its newspaper businesses. This plan is part of a strategic process at STMG designed to enhance value for the benefit of STMG's stakeholders. It is the intention of the Applicants that, upon any sale of the shares or assets of STMG, amounts owing by the Applicants under the Indentures will be repaid, other amounts owing by the Applicants can be repaid and value can be recovered for the Applicants' other stakeholders.

IV. APPLICANTS' SHARES OF STMG

28. STMG has two classes of voting common stock: the Class A shares and the Class B shares. The Applicants own, directly or indirectly, 782,923 Class A shares and 14,990,000 Class B shares of STMG, representing 0.89% of the outstanding Class A shares, and 100% of the outstanding Class B shares. Hollinger's direct and indirect shareholdings in STMG are as follows:

	<u>Class A</u>	<u>Class B</u>	<u>Total</u>
Hollinger	166,979	2,000,000	2,166,979
432	<u>615,944</u>	<u>12,990,000</u>	<u>13,605,944</u>
Totals	<u>782,923</u>	<u>14,990,000</u>	<u>15,772,923</u>

29. Pursuant to STMG's Certificate of Incorporation (the "Articles"), the Class B shares have multiple voting status and give the Applicants ten votes for every share held. By contrast, the Class A shares of STMG have only one vote per share. As a result of this multiple voting shareholding, the Applicants hold approximately 70.1% of the votes that may be cast on all matters requiring STMG shareholder approval.
30. The share classes and their respective attributes, including the multiple voting nature of the Class B shares, are described in STMG's Articles, a copy of which is attached to this Affidavit as Exhibit "E".
31. As contemplated by the Schedule 13D filed by the Applicants with the SEC on June 11, 2007 previously attached as Exhibit "B", and in accordance with its rights in connection with its controlling interest in STMG, on July 31, 2007 the Applicants exercised their right to effect certain changes at the Board of Directors of STMG by delivering a Stockholder Written Consent in Lieu of Meeting to STMG (the "STMG Notice") pursuant to article I, section 1.11 of the Articles. The STMG Notice contains certain resolutions passed by the Applicants in exercising their majority voting interest in STMG, the effects of which are to: (i) increase the size of STMG's Board of Directors from eight directors to eleven directors; (ii) remove three of the existing directors of

STMG; and (iii) elect six new directors of STMG. Attached and marked as Exhibit “F” is a copy of the STMG Notice delivered by the Applicants to STMG on July 31, 2007.

32. The Board of Directors of the Applicants determined, in the exercise of their business judgment, that the best way to implement a strategic process to enhance value for all shareholders of STMG was to make the changes to STMG’s Board of Directors as specified in the STMG Notice, and that they should do so immediately prior to the August 1, 2007 deadline suggested by DK.
33. With the delivery of the STMG Notice, the Applicants’ significant interest in STMG is now reflected in the Board of Directors, and the strategic process necessary to maximize the value of STMG can diligently proceed. Neither the court-appointed Special Monitor of STMG (Richard Breeden) nor the members of STMG’s Special Committee (as herein defined) who are directors of STMG are affected by the delivery of the STMG Notice, as the role of those parties remains intact.
34. Based on the July 30, 2007 closing price of the Class A shares of STMG on the NYSE of US\$4.34 and without attributing any additional value to the Class B shares, the market value of Hollinger’s direct and indirect holdings in STMG is approximately US\$68.4 million. The Applicants’ direct and indirect interest in the Class A shares of STMG is held in escrow by Computershare Trust Company of Canada in support of future retractions of Hollinger’s Preference Shares.

V. PLEDGE OF SHARES

35. STMG’s Articles allow the Class B shares to be pledged by way of security. The Articles also provide that:

- (a) if the Class B shares are registered in the name of any other party at any time;
- (b) if the Class B shares are sold, transferred or disposed of to a third party that is not a subsidiary or an affiliate of Hollinger, other than in a Permitted Transaction (as defined in the Articles); or
- (c) if the Class B shares become subject to foreclosure, realization or other similar actions by a pledgee of the Class B shares;

then each Class B share automatically converts to a Class A share (which has one vote per share instead of the ten votes per share of a Class B share).

36. The Class B shares of STMG owned by the Applicants are pledged in favour of:

- (i) Wachovia Trust Company ("Wachovia"), as trustee and collateral agent in respect of certain senior secured notes issued by Hollinger in March, 2003 for US\$120 million (the "Senior Notes") pursuant to an indenture as subsequently amended by a supplemental indenture dated September 30, 2004 (collectively, the "Wachovia Indenture"), as to a first priority position. Hollinger redeemed US\$42 million of the principal amount of the Senior Notes in June, 2004, leaving an outstanding principal balance of US\$78 million; and
- (ii) HSBC Bank USA, National Association ("HSBC") as trustee and collateral agent in respect of certain senior secured notes having a current principal amount outstanding of US\$15 million ("Second Senior Notes"), (the Senior Notes and Second Senior Notes are collectively referred to as the "Notes") issued by Hollinger in September, 2004 pursuant to an indenture (the "HSBC Indenture"), as to a second priority position. The Notes are due in 2011.

For ease of reference, the Wachovia Indenture and the HSBC Indenture are collectively referred to herein as the “Indentures”. Attached hereto and marked as Exhibits “G” and “H” are copies of the Wachovia Indenture and the HSBC Indenture, respectively.

37. Hollinger and 432 granted security over certain of their assets (the “Security”) to secure the Notes and their obligations under the Indentures, which Security includes a pledge of the Class B shares held by the Applicants. Attached hereto as Exhibits “I” and “J” respectively, are copies of the Security Agreements granted by Hollinger in favour of Wachovia and HSBC.
38. Each of 432 and Ravelston Management Inc. (“RMI”), a wholly owned subsidiary of Ravelston, have guaranteed Hollinger’s obligations under the Indentures. The total principal amount outstanding on the Notes is US\$93 million (US\$78 million in respect of the Senior Notes and US\$15 million in respect of the Second Senior Notes).
39. Pursuant to the terms of the Security, share certificates representing the Class B shares held by the Applicants were delivered to Wachovia at the time the Indentures and Security were executed and delivered by Hollinger and 432. The Class B share certificates are physically located in Delaware, U.S.A., in the possession of Wachovia.
40. In conjunction with the Senior Notes, Hollinger entered into an agreement with RMI pursuant to which RMI agreed to financially support Hollinger so as to ensure that Hollinger would be able to make all payments required under the Senior Notes (the “Support Agreement”). Ravelston has unconditionally guaranteed RMI’s obligation under the Support Agreement and has granted a security interest in the shares of RMI held by Ravelston in support of its guarantee.

41. Hollinger has met all of its payment obligations under the Notes as they have come due. However, a number of other defaults have occurred at various times under the Notes, some of which are continuing and have existed for over two years. These various defaults have included the following:

- (a) Hollinger had not filed statutory audited financial statements with the SEC or the OSC for 2003 or any subsequent financial years until March 7, 2007;
- (b) RMI, a guarantor of the Notes, has obtained protection under the CCAA and is in receivership;
- (c) RMI has not paid amounts due to Hollinger under the Support Agreement; and
- (d) Hollinger has failed to receive a minimum aggregate amount of US\$3.055 million from support payments, management fees or dividend amounts for the fiscal quarters ended March 31, 2006, June 30, 2006 and thereafter.

42. Hollinger's largest non-contingent liability is the Notes, in respect of which the principal amount of US\$93 million is currently outstanding. As a result of the existing defaults, the trustee under the Indentures is entitled to accelerate the entire principal amount of the Notes and declare such amount to be immediately due and payable. Hollinger would be unable to satisfy its obligations under the Notes if a demand for payment is made. The Noteholders have advised the Applicants that they intend to accelerate the indebtedness owing under the Notes if the Applicants do not agree to a transaction with DK by Wednesday, August 1, 2007.

VI. EFFECT OF ENFORCEMENT OF SECURITY

43. As a result of the various defaults under the Notes, the trustee under the Notes has the right to register the Class B Share certificates in the name of itself or its nominee.

44. As noted above, it is a term of STMG's Articles that if the Class B shares (i) are registered in the name of any other party, (ii) are sold, transferred or disposed of to a third party that is not a subsidiary or an affiliate of Hollinger, or (iii) become subject to foreclosure, realization or other similar actions by a pledgee of the Class B shares, then those multiple voting Class B shares are automatically converted into single-voting Class A shares. As a result, any enforcement of the Class B shares resulting in the registration of the Class B shares into the name of Wachovia as trustee or otherwise, would result in the automatic conversion of these shares into Class A shares (and the resulting loss of the multiple voting characteristic associated with the Class B shares).
45. In addition, if the Noteholders take steps, including to transfer the Class B shares into their own name or that of the trustee under the Indentures, the STMG Rights Plan may be triggered.
46. If the STMG Rights Plan is triggered, certain of the rights in respect of the Applicants' shareholdings in STMG would become null and void, and other shareholders of STMG would become entitled to receive, upon payment of a specified purchase price, a number of Class A shares having a market value equal to twice that price. This right to acquire shares of STMG, combined with the sterilization of the Applicants' rights, would significantly dilute the Applicants' interest in STMG, thereby causing a significant deterioration in the value of the Applicants' primary asset.

VII. EVENTS LEADING TO INSOLVENCY

A. Historical

47. Starting in 1995, the Ravelston Group (as defined below) caused Hollinger to enter into a series of sale transactions such that by the end of 1997, Hollinger had disposed of substantially all of its operating assets to STMG. These transactions stripped Hollinger of substantially all of its operating income. Hollinger retained significant indebtedness, but insufficient income or revenue to pay the interest owing on such indebtedness and its other expenses.
48. I am advised by Hollinger's financial advisor, BMO Nesbitt Burns Inc., that as at December 31, 1994, prior to the 1995 sale of Hollinger's interest in the Telegraph plc (the "Telegraph") to STMG, Hollinger had a common share market capitalization of approximately CDN\$641 million and an implied total enterprise value of approximately CDN\$1.2 billion (based on common share market capitalization plus preferred equity and debt less cash). This value included investments in certain publicly listed companies, namely STMG, the Telegraph and Southam Inc., which had a combined market value of nearly CDN\$1 billion.
49. Hollinger's cash flow in 1995 was primarily derived from dividend income, management fee income and cash flow generated by its Canadian operations.
50. More recently, Hollinger's and 432's principal sources of income were the discretionary dividends received from STMG and the proceeds received from periodic sales of real estate by its subsidiaries. However, on December 13, 2006, STMG announced that it was suspending the payment of dividends. Attached hereto as Exhibit "K" is a copy of the

press release dated December 13, 2006 issued by STMG in which this announcement was made.

51. Each of Ravelston and RMI is subject to CCAA proceedings and a court-appointed receivership under the control of Richter (collectively, the “Ravelston Proceedings”). RMI and Ravelston are also parties to other litigation proceedings, all as more particularly described below. While Hollinger has filed secured claims with the Receiver in the Ravelston Proceeding, there is little expectation of Hollinger obtaining any repayment from these sources in the near future.

B. Discovery of Wrongdoing

52. As a result of investigations carried out by its Board of Directors and others, Hollinger has learned that it has been the victim of a series of improper acts carried out by, among others, Ravelston, Black and others (collectively, the “Ravelston Group”) to its detriment. Hollinger also believes that it has suffered damages as a result of the actions of Black and others while they were senior officers and directors of STMG, for which STMG is responsible. The litigation resulting from these acts and allegations are described in notes 13(d)(h)(m) and 15(c)(d) to the annual audited consolidated financial statements of the Applicants for the fiscal year ending March 31, 2007 (the “Consolidated Financial Statements”), which were filed on June 29, 2007. The Consolidated Financial Statements are attached and marked as Exhibit “L”.
53. In late 2002, certain shareholders of STMG began to question some of the transactions to which STMG had been a party. In June 2003, the Board of STMG established a special committee (the “STMG Special Committee”) to investigate these transactions. In the fall

of 2003, the STMG Special Committee rendered a preliminary report dealing with, among other things, certain management fee payments made to Ravelston by STMG, certain “non-competition” payments paid to the Ravelston Group (including Black) and Hollinger and certain non-arm’s length newspaper asset sales by STMG.

54. In November 2003, the independent members of Hollinger’s Board of Directors (who also constituted Hollinger’s Audit Committee) addressed certain of the allegations raised in the STMG Special Committee’s preliminary report. Hollinger’s Audit Committee requested that various individual members of the Ravelston Group then serving on Hollinger’s Board step down from their roles as officers and directors of Hollinger and recommended that a thorough internal review be conducted by Hollinger of the matters alleged in the STMG Special Committee’s preliminary report.
55. The Ravelston Group members refused to step down from the Hollinger Board or to authorize the internal review recommended by the Audit Committee. The Audit Committee’s recommendations came to a vote at Hollinger board meeting and were rejected by majority vote, with all of the Ravelston Group members voting against the resolution. As a result, Hollinger’s independent directors resigned.

C. Effect of Wrongdoing on the Applicants

56. As a result of the Ravelston Group’s conduct, the Applicants became entangled in a host of regulatory and civil proceedings. These included enforcement proceedings commenced by both the Ontario Securities Commission (“OSC”) and the SEC and civil proceedings initiated against Hollinger by STMG as described in the notes to the Consolidated Financial Statements previously annexed as Exhibit “L”.

57. The litigation between STMG and Hollinger destroyed the cooperation that had previously existed between these corporations. This fact, together with the resignation in the fall of 2003 of Hollinger's auditor and Hollinger's independent directors who constituted the Audit Committee, prevented Hollinger from preparing and filing its audited financial statements for the 2003 or following financial years and from properly assessing significant tax filing positions that would otherwise require the cooperation of STMG. Hollinger's financial statements had always been prepared on a consolidated basis, which required the cooperation and assistance of STMG. Until March 7, 2007, the last filed audited annual financial statements of Hollinger consolidated with STMG's financial results were dated as of December 31, 2002.
58. On May 18, 2004, as a result of Hollinger's failure to file its financial statements, the OSC issued a temporary cease trade order (the "MCTO") against Hollinger's management and insiders precluding any trading by them in Hollinger's shares. A permanent MCTO was issued by the OSC on June 1, 2004. The MCTO prevented trading by, among others, the Ravelston Group in securities of Hollinger, subject to certain limited exceptions.
59. On December 7, 2006, Hollinger obtained a decision from certain Canadian securities regulatory authorities, which allowed Hollinger to file financial statements for periods ending on or after December 31, 2003 using the fair value basis. This decision established a basis upon which Hollinger could finally update its continuous disclosure record. On March 7, 2007 Hollinger filed financial statements for the fiscal periods ending December 31, 2003, 2004 and 2005 and March 31, 2006 (its new year-end) as well as interim financial statements for the current financial year and other continuous

disclosure documents, making its disclosure filings current and compliant with applicable law. Hollinger's application to the OSC for an Order revoking the MCTO was heard on April 10, 2007 and an Order was granted revoking the MCTO.

60. Hollinger has incurred significant costs and expenses as a result of the proceedings commenced by the OSC and the SEC.

D. Appointment of an Inspector over Hollinger

61. On October 13, 2004, pursuant to an application made by Catalyst in court file number 04-CL-5441, Kroll Lindquest Avey Inc. ("Kroll") was appointed as Inspector of Hollinger pursuant to section 229 of the CBCA. On October 26, 2004 Kroll was replaced as Inspector by Ernst & Young Inc. ("EYI") due to a conflict.
62. The Inspector conducted detailed investigations of related party transactions, payments received by Hollinger's former senior management and the recoverability of amounts owed to Hollinger by related parties. The Inspector filed extensive reports with this Honourable Court outlining its findings in respect of these investigations.

E. The Ravelston Proceedings

63. On April 20, 2005, this Honourable Court issued two Orders by which Ravelston and RMI were: (i) placed in receivership pursuant to the *Bankruptcy & Insolvency Act* (Canada) and the *Courts of Justice Act* (Ontario) (the "Ravelston Receivership Order"); and (ii) granted protection pursuant to the CCAA (the "Ravelston CCAA Order"). Pursuant these Orders, Richter was appointed receiver and manager of all of the property, assets and undertakings of Ravelston and RMI (the "Ravelston Receiver") and Monitor of those debtor companies. On May 18, 2005, the Court ordered that the Ravelston

Receivership Order and the Ravelston CCAA Order be extended to include Argus Corporation Limited (“Argus”) and its five subsidiary companies. On June 12, 2006, the Court also appointed Richter as receiver and manager and interim receiver of all the property, assets and undertakings of Argent News Inc. (“Argent”), a wholly owned subsidiary of Ravelston. Argent, Argus and Argus’ five subsidiary companies, as well as Ravelston and RMI, are collectively referred to herein as the “Ravelston Corporate Entities”.

64. By Order made September 12, 2005, this Honourable Court established a claims process in respect of claims against the Ravelston Corporate Entities. The claims bar date under that Order was ultimately extended to May 19, 2006. No claims resolution process has been established. Each of the Applicants has filed a proof of claim against the Ravelston Corporate Entities on a timely basis in accordance with that claims process for amounts in respect of the allegations set out in the Statement of Claim issued by the Applicants against the Ravelston Group.

65. Hollinger and its subsidiary Domgroup Ltd. (“Domgroup”), which is not an applicant herein, have also filed secured claims against Ravelston in the Ravelston Proceeding in respect of loans and other debts owing.

VIII. OTHER ASSETS

66. In addition to their interest in STMG, the Applicants’ other assets are as described below.

A. Hollinger’s Interest in Subsidiaries

67. Hollinger has a wholly-owned subsidiary in the Cayman Islands that is involved in the print publishing business. Hollinger also has a controlling interest in certain Canadian

subsidiaries, including 10 Toronto Street Inc. ("TSI") and Domgroup. TSI formerly owned the real property located at 10 Toronto Street, Ontario, which operated as the Applicants' head office, until the property was sold in May, 2007. Domgroup previously held a portfolio of commercial real estate due to its ownership of a chain of Dominion grocery stores. Domgroup is the tenant under the lease for the Applicants' current premises and registered head office located at 120 Adelaide Street West, Toronto. Hollinger has guaranteed these obligations under the lease. Certain expenses of the Applicants are shared with these Canadian subsidiaries including as it relates to employees, overhead expenses, and litigation expenses in which they are each named as parties. Those expenses have been allocated and attributed for the purposes of the Cash Flow Forecast (as hereafter defined).

B. Ravelston Secured Loans

68. Hollinger and Domgroup (not an Applicant herein) have asserted secured claims in the aggregate amount of approximately CDN\$24.5 million over the property, assets and undertakings of Ravelston, for (i) repayment of loans and advances made by Domgroup; and (ii) reimbursement of amounts owing to Hollinger pursuant to a Reimbursement Agreement dated March 7, 2005 relating to the costs incurred in connection with a going-private transaction that was proposed but not proceeded with in 2005 (referred to in note 3 (a)(ii) to the Consolidated Financial Statements previously annexed as Exhibit "L" hereto), which obligations are secured by a general security agreement of the same date executed by Ravelston in favour of Hollinger. The Receiver has admitted most of the secured claim. In accordance with its rights pursuant to the Order establishing the claims

process in the Ravelston Proceeding, STMG has advised the Receiver of its objection to Hollinger's and Domgroup's secured claim over Ravelston.

69. Hollinger and Domgroup have served materials for a motion (returnable on a date to be fixed) in the Ravelston Proceedings seeking an Order confirming the secured obligations owed by Ravelston. The Receiver filed a report with the Court in the Ravelston Proceeding wherein it indicated that it had obtained an opinion from its counsel that, subject to certain qualifications and assumptions, the security held by Hollinger and Domgroup was valid and enforceable against Ravelston. The motion brought by Hollinger and Domgroup has not yet been heard. STMG brought a motion seeking to have the motion brought by Hollinger and Domgroup stayed. That motion was dismissed.
70. The primary asset of Ravelston that is subject to the security interest in favour of Hollinger and Domgroup is the common shares of Hollinger owned directly and indirectly by Ravelston, which represent approximately 78% of the equity of Hollinger.

C. Litigation Claims Asserted by the Applicants

71. On March 29, 2005, Hollinger issued a Statement of Claim against the Ravelston Group for damages in excess of CDN\$550 million for breach of contract, conspiracy, negligence, diversion of corporate opportunity, breach of fiduciary duties, oppression, unjust enrichment and unlawful interference with economic interest, as well as reimbursement of certain amounts owing to Hollinger in the amount of approximately CDN\$86 million. Certain defendants have instituted motions to stay the action and strike some parts of the Statement of Claim.

72. The Applicants issued a further Statement of Claim against the Ravelston Group on February 27, 2006 claiming damages and other monetary relief in excess of CDN\$750 million, arising from the actions of the defendants through a series of transactions involving Ravelston, STMG and others.
73. On April 20, 2007, the Applicants issued a further Statement of Claim against Black and others, seeking a declaration that those parties are not entitled to be indemnified under certain indemnity agreements to which Hollinger is a party, and that the agreements are void and unenforceable. The action also seeks recovery of any payments made by the Applicants to the defendants pursuant to the agreements.
74. On May 31, 2007, the Applicants commenced an action against their former banking syndicate members (Canadian Imperial Bank of Commerce, Toronto Dominion Bank and The Bank of Nova Scotia) seeking recovery of, among other things, CDN \$65.2 million that those banks received from the Applicants in March, 2003.
75. There are other claims that the Applicants believe they have, some of which have not been asserted by way of formal legal proceedings at this time (the issued and potential claims being collectively referred to herein as the "Litigation Claims"). I believe that the Litigation Claims will ultimately result in significant judgments being awarded to the Applicants. Due to the complexity of the issues, the number of claims, and the extent of other Court proceedings and other factors that may affect the Litigation Claims, it is impossible to determine the likelihood of success or quantum of any recovery that will be available to the Applicants in respect of the Litigation Claims at this time.

76. Hollinger is named as a co-defendant in a complaint filed in the U.S. District Court for the Northern District of Illinois by STMG claiming damages in the amount of US\$542 million including pre-judgment interest of US\$117 million for alleged breaches of fiduciary duty relating to the improper payment of management fees, sales and transfers of assets and non-competition and other payments made. On July 6, 2006, Hollinger filed a motion for leave to file a counterclaim against STMG, which asserts various claims, including claims for fraud, unjust enrichment, conversion, conspiracy to defraud, unlawful interference with economic interests, aiding and abetting fraud and aiding and abetting a breach of fiduciary duty, against STMG in connection with Hollinger's sale of its interest in the Telegraph to STMG in 1995 and Hollinger's sale of its Canadian newspaper assets to STMG in 1997. The motion was granted in part, but STMG has appealed the ruling and has separately moved to dismiss the counterclaim. Hollinger is awaiting a ruling in respect of both.

IX. LIABILITIES OTHER THAN THE NOTES

A. Claims of Other Parties

77. Attached hereto as Exhibits "M", "N", and "O" are copies of certified search results conducted pursuant to the *Personal Property Security Act* (Ontario) ("PPSA") as at July 29, 2007 in respect of each of the Applicants.

(i) Hollinger Inc.

78. Other than a registration relating to office equipment and a registration in respect of the Notes, the only registration under the PPSA against Hollinger is in favour of STMG over collateral described as "accounts" and "other".

79. This PPSA registration relates to a security interest granted by Hollinger in favour of STMG to secure Hollinger's obligations under a limited recourse guarantee of the obligations of 432 to STMG. As of March 31, 2007, 432 owed STMG US\$35.1 million including accrued interest pursuant to a promissory note dated March 10, 2003 (the "432 Note"). The principal amount of the 432 Note is payable upon demand being made on any date after March 1, 2011 and repayment of the 432 Note is fully subordinated to the Notes. Pursuant to a Contribution Agreement dated March 10, 2003 made between RMI, Ravelston and Hollinger and in connection with the Support Agreement described in paragraph 39 above, Ravelston guaranteed RMI's obligations to Hollinger under the Support Agreement (the "Ravelston Guarantee"). The Ravelston Guarantee in favour of Hollinger is the collateral that Hollinger has pledged to and in favour of STMG, in support of Hollinger's limited recourse guarantee of 432's obligations to STMG under the 432 Note. The 432 Note in favour of STMG is attached to this Affidavit and marked as Exhibit "P".

(ii) *4322525 Canada Inc.*

80. The only PPSA registrations against 432 are in respect of the Notes.

(iii) *Sugra Limited*

81. There are no PPSA registrations against Sugra.

B. Contingent Liabilities

82. As a result of the various acts of the Ravelston Group, Hollinger is a defendant in numerous lawsuits filed by its shareholders, STMG, regulatory authorities in Canada and the United States and others. These various claims represent contingent liabilities of the

Applicants for several hundred million dollars and are described in more detail in Notes 13, 14 and 15 to the Consolidated Financial Statements, previously attached as Exhibit “L”. The most significant of these proceedings are the following:

- (a) in January 2004, STMG commenced an action in Illinois against Hollinger and various members of the Ravelston Group, seeking US\$542 million in damages;
- (b) in February and April 2004, three shareholders of STMG commenced putative class action suits in the United States District Court for the Northern District of Illinois against Hollinger, STMG and various members of the Ravelston Group, seeking unspecified monetary damages, rescission and an injunction against future breaches;
- (c) in September 2004, various shareholders commenced putative class actions in Ontario, Quebec and Saskatchewan against Hollinger, STMG and various members of the Ravelston Group, seeking unspecified monetary damages;
- (d) in November 2004, the SEC filed an action in Illinois against Hollinger and others seeking injunctive and other equitable relief and disgorgement of approximately US\$16.55 million in payments received by Hollinger from STMG;
- (e) in March 2005, the OSC commenced proceedings against Hollinger and various members of the Ravelston Group concerning alleged breaches of Ontario securities law between 1998 and 2002. The OSC seeks an administrative penalty of up to CDN\$1 million for every breach of Ontario securities law and disgorgement of any amounts obtained in breach of Ontario securities law; and
- (f) in May 2005, Black filed suit against STMG in Delaware seeking advancement of legal fees already incurred in connection with various lawsuits and investigations

and for advancement of certain of his legal fees going forward. STMG rejected Black's claims, filed a counterclaim against him and filed a third-party claim against Hollinger. In April 2006, Black and STMG settled Black's advancement claims against STMG. In the settlement of Black's claims against STMG, STMG reserved the right to pursue its third-party claim against Hollinger. In June 2006, STMG filed an amended third-party complaint against Hollinger for equitable contribution toward the amounts of legal fees STMG has advanced and will in the future advance to Black and other former directors. STMG claims that Hollinger is obligated to indemnify those same individuals.

82. In June 2004, the Delaware Court of Chancery ordered Hollinger and Black to repay to STMG US\$16.55 million plus interest in connection with certain non-competition payments received by Hollinger. Hollinger advanced approximately US\$6 million of this amount, with Black advancing the balance. On December 13, 2006 Black served Hollinger with a Statement of Claim pursuant to which Black seeks damages and repayment of amounts advanced by him with interest and costs.

X. CURRENT STATUS OF THE COMPANY

A. Financial Statements

83. As noted above, Hollinger's financial statements and other disclosure documents including interim financial statements for all periods in default were filed with the OSC on March 7, 2007, and the Consolidated Financial Statements were filed on June 29, 2007.

84. The consolidated balance sheets included with the Consolidated Financial Statements (previously attached as Exhibit "L") indicate that the aggregate assets on a book value basis of the Applicants and those entities that are historically consolidated with it for financial reporting purposes, are not sufficient to satisfy their liabilities, even without including many of the contingent liabilities described above.
85. In consolidated financial statements, all inter-company indebtedness is eliminated. Since the Consolidated Financial Statements filed by Hollinger involve several corporations, only three of which are Applicants in this proceeding, we have prepared unaudited individual entity financial statements for each of the three Applicants as at March 31, 2007 (the latest fiscal year end). The individual entity financial statements do not reflect the elimination of inter-company amounts owing to or from the Applicants, and as a result the Applicants may appear to be solvent. That is not an accurate reflection of their true financial position, as most of these inter-company debts are uncollectible. Attached and marked as Exhibit "Q" are the unaudited individual entity financial statements for each of the three Applicants as at June 30, 2007 and the unaudited consolidated financial statement for the Applicants as at June 30, 2007.
86. Pursuant to the terms of the Indenture, the commencement of this CCAA proceeding by the Applicants results in the indebtedness owing under the Notes being *ipso facto* accelerated. The Applicants are not able to meet their obligations to the Noteholders as they generally become due as a result of all amounts now being due and payable. In addition, the aggregate fair value of the Applicants' property is not sufficient to enable payment of all of their obligations due and accruing due, when one takes into account the quantum of contingent claims against the Applicants, and the Applicants' inability to

recover payment of most inter-company claims owing to it. The Applicants are insolvent.

B. Efforts to Restructure

87. The Applicants have been attempting to develop and implement a strategy designed to effect a global settlement of all outstanding issues and obligations between the Applicants and STMG, and provide for a strategic process to maximize the value of STMG's business and undertaking for the benefit of all of STMG's and all of the Applicants' stakeholders. If the *status quo* regarding the STMG shareholdings of the Applicants is not maintained, the Applicants will be unable to do so.
88. The principal means by which the value of the Applicants' assets can be improved is if the value-maximizing process involving STMG can proceed in earnest.
89. In my view, reaching a global settlement with STMG is an integral part of that strategy in view of the myriad of litigation, costs and other issues that have crippled the Applicants and STMG for some time.
90. Over the past several months, I have been in regular contact with DK with respect to the issues facing Hollinger in its efforts to improve value for its various stakeholders.
91. On April 10, 2007, Hollinger issued a press release confirming, among other things, that settlement discussions with STMG were ongoing in an effort to enhance the value of its assets, including its investment in STMG. That press release indicated that a comprehensive proposal had been submitted to STMG and that, in Hollinger's view,

settling the disputes between Hollinger and STMG would be of great value to both companies. A copy of this release was previously annexed as Exhibit "A".

92. Just prior to the annual meeting of Hollinger's shareholders scheduled for May 7, 2007, an open letter to the shareholders of Hollinger was written by Peter White, a former officer of Hollinger, which was reprinted in large part in the National Post on April 24, 2007. This letter purported to describe in detail a number of terms of settlement that STMG and Hollinger were allegedly negotiating. Attached as Exhibit "**R**" is a copy of the press release issued by Peter G. White Management Limited on April 24, 2007.
93. In a telephone discussion I had with Avi Friedman, Managing Member of DK on June 13, 2007, DK requested confirmation as to whether Hollinger was in settlement discussions with STMG. I confirmed that that was the case and that settlement discussions had been ongoing for some time, as publicly disclosed by Hollinger. DK then requested further, specific information as to whether particular terms formed part of the settlement discussions.
94. Due to the confidential nature of the settlement discussions, and in view of Hollinger's public disclosure obligations, I could not discuss or divulge such material non-public information to one stakeholder including the specific terms of any proposed settlement until an acceptable confidentiality agreement was executed and delivered.
95. DK has recently purchased shares of STMG in the open market, as evidenced by a 13G disclosure statement filed by DK and its affiliates with the SEC on May 29, 2007, a copy of which is attached as Exhibit "**S**".

96. On Friday, June 15, 2007, Hollinger's counsel delivered a draft confidentiality agreement to DK for its consideration. As of the swearing of this affidavit, the confidentiality agreement has not been settled or signed by DK.
97. Hollinger and its Board of Directors received a letter from DK dated June 22, 2007 with respect to a Press Release that had been issued concerning the terms of my contract with the Applicants. On July 5, 2007, the Board of Directors of Hollinger provided a written response to DK on the issues raised. Attached and marked as Exhibits "T" and "U" respectively are copies of these letters exchanged with DK.
98. Without notice to the Applicants, DK commenced discussions with STMG with a view to reaching terms of a restructuring and settlement as it relates to the Indentures and the Security. Those discussions led to the DK Proposal being presented to the Applicants on Friday, July 20, 2007, as referred to above.
99. If DK is not immediately stayed from proceeding with the steps they have threatened to take, it will seriously and detrimentally affect the economic interest of the Applicants to the detriment of all stakeholders, and it will seriously undermine the Applicants' ability to proceed with the processes required to be undertaken at STMG and Hollinger.

XI. FILING FOR PROTECTION

A. Cash Flows

100. The Applicants have prepared estimated cash flow forecasts for the period August 1, 2007 to January 4, 2008 on a consolidated basis (the "Cash Flow Forecasts"). A copy of the Cash Flow Forecasts is attached as Exhibit "V" to this Affidavit.

101. Due to the insolvency of the Applicants and the lack of available sources of income, the Applicants will require funds in the short term in order to implement this restructuring. Hollinger is owed an account receivable from TSI, a solvent subsidiary of Hollinger of which I am a director and officer, in the amount of CDN\$9,591,403.00. Upon Hollinger obtaining an Initial Order in this proceeding, TSI will repay amounts owed to Hollinger up to the amount of CDN\$7.5 million from cash on hand, as and when needed by Hollinger in accordance with the Cash Flow Forecast. TSI will retain sufficient funds in an amount sufficient to fully cover all of its known and contingent claims.

B. Chapter 15 Proceeding in U.S

102. The Applicants' COMI is Ontario, as set out in paragraph 22 herein.

103. As the share certificates representing the Class B shares of STMG owned by Hollinger and 432 are located in Delaware, we will be seeking recognition of these proceedings by a U.S. court. Accordingly, if an initial CCAA Order and a stay of proceedings are granted, the Applicants intend to immediately commence auxiliary proceedings under Chapter 15 of the U.S. Bankruptcy Code pursuant to which they will seek to have the CCAA proceedings and this Court's Order recognized and enforced in the United States as a foreign main proceeding under applicable law. This will include an immediate request for a temporary restraining order granting provisional relief under the U.S. Bankruptcy Code and preventing any steps from being taken in respect of the share certificates representing the Class B shares located in Delaware, prior to the hearing of the Chapter 15 proceeding.

C. Directors' and Officers' Charge

104. I am concerned that certain of the directors and officers may resign if not granted the protection of a Directors' Charge as provided for in the draft Initial Order. I also believe that, given their experience in the affairs of the Applicants, the services of the directors and officers are essential to a successful proceeding and that the Directors' Charge over all the assets of the Applicants should therefore be granted.
105. Management estimates that the priority payables in respect of which the directors have personal liability during the CCAA process is CDN\$85,000 per month. This estimate is comprised of approximate exposure, during any given month, for payroll (including vacation pay) and the remittances and RRSP "top-up" payments and supports the Applicants' request for a charge in the amount of CDN\$500,000 to secure such obligations.

D. Administration Charge

106. While none of the Applicants carry on any active business, a primary activity of Hollinger is to manage the extensive civil, criminal and regulatory litigation in which the Company is currently involved. Significant professional fees have been, and will continue to be, incurred by the Applicants in order to restructure their affairs and maximize the value of their assets for the benefit of all stakeholders. The Applicants are requesting that the Court grant a charge in favour of the Applicants' legal and other professional advisors and of the Monitor and its professional advisors, to secure the payment of fees and expenses incurred in connection with this proceeding.

107. The principal sources of recovery for the Applicants' stakeholders is to pursue the existing and potential future Litigation Claims and to take steps to increase the value of the shares of STMG owned by the Applicants. This is a process that will take some time and the results will not be immediate. Implementation of the necessary steps to recover this value requires the Applicants to continue to engage corporate, securities, litigation and insolvency counsel in Ontario, Delaware, New York and Illinois. The Applicants have engaged counsel in each of those jurisdictions, each of whom have a specific mandate in relation to the implementation of the Applicants' strategy. In addition, the Applicants rely upon the ongoing services of their financial advisor, BMO Nesbitt Burns Inc., in providing valuable advice as to the strategy to maximize the value of STMG through the Applicants' role in that process.
108. This CCAA proceeding is not for the purpose of restructuring the operations of the Applicants but rather, to effect a strategic restructuring and improve the operations of STMG and therefore the value of the Applicants' most significant asset, and to commence a process to realize the full potential value for the Applicants' controlling interest in STMG . This strategy requires a number of professional firms in multiple jurisdictions due to the regulated and litigious environment in which Hollinger currently operates.
109. The following professional firms seek the protection offered by the Administration Charge in respect of advice or assistance they provide to the Applicants in this CCAA proceeding and in carrying out the Applicants' strategy of maximizing value for the stakeholders:
- (a) Ernst & Young Inc. (Toronto) – proposed Monitor;

- (b) Lenczner Slaght Royce Smith Griffin LLP – counsel to the Monitor;
 - (c) Thornton Grout Finnigan LLP – Canadian insolvency counsel to the Applicants;
 - (d) Davies Ward Phillips & Vineberg LLP – Canadian corporate, securities, tax and litigation counsel to the Applicants;
 - (e) Morris Nichols Arsht & Tunnell LLP – US insolvency counsel and Delaware corporate, securities and litigation counsel to the Applicants;
 - (f) Eimer Stahl Klevorn & Solberg LLP – US (Illinois) litigation counsel to the Applicants;
 - (g) Weil Gotshal & Manges LLP – US (New York) corporate and securities counsel to the Applicants;
 - (h) BMO Nesbitt Burns Inc. – financial advisor to the Applicants;
 - (i) Fasken Martineau DuMoulin LLP – Canadian counsel in respect of certain of the Litigation Claims; and
 - (j) Paliare Roland Rosenberg Rothstein LLP – Canadian counsel in respect of certain of the Litigation Claims.
110. The Applicants seek an Administration Charge in the amount of CDN\$1.9 million, to secure payment of the fees and expenses of the above professionals in connection with this proceeding and the implementation of the Applicants' strategy.

E. The Monitor

111. The Applicants propose that EYI be appointed Monitor for this proceeding. EYI is not the auditor for the Applicants. EYI has considerable knowledge of the affairs of the Applicants by virtue of its role as Inspector. The Applicants will provide EYI with full and complete access to their assets, including books, records, data and financial

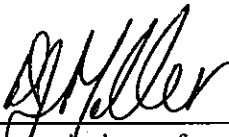
information to enable the Monitor to oversee and assess the Applicants' business and financial affairs during any restructuring ordered by this Court. The Applicants are of the view, and EYI agrees, that there is no conflict of interest in acting as Inspector and as Monitor, as in both cases EYI is a court officer. EYI has consented to act as Monitor and its written Consent is being filed with this Honourable Court.

112. The Applicants and EYI have discussed the ongoing role of Inspector and the role of Monitor and have reached the following understanding, subject to the approval of the Court:

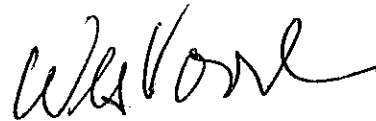
- (a) the role of EYI as Inspector will continue to be subject to direction of the Court in that action;
- (b) in the event of any uncertainty or conflict concerning the ongoing role of the Inspector, the advice and direction of the Court supervising the inspection and this Honourable Court will be sought;
- (c) in its capacity as Monitor, EYI shall not be asked or required by the Applicants to disclose any information that it obtained or will obtain in its capacity as Inspector unless directed to do so by Order of the Court supervising the inspection; and
- (d) the Applicants will not take any steps to cause EYI to testify in any proceedings in any court in Canada or the United States of America brought by or against any person or entity related to or affiliated in any way with the business of Hollinger or its affiliates.

113. I swear this Affidavit in support of the Applicants' request that an Initial Order be granted under the CCAA in the form annexed to the Notice of Application herein, and for no other or improper purpose.

SWORN BEFORE ME at)
the City of Toronto, in the)
Province of Ontario, this)
31st day of July, 2007)



A Commissioner for taking
Affidavits, etc.
D.J. Miller



G. WESLEY VOORHEIS

EXHIBIT “A”

HOLLINGER INC.

Ontario Management and Insider Cease Trade Order Revoked

Update on Dispute Settlement Initiatives

TORONTO – April 10, 2007 – Hollinger Inc. (TSX:HLG.C) (TSX:HLG.PR.B) announced that the Ontario Securities Commission issued an order today revoking the Management and Insider Cease Trade Order issued by the OSC on June 1, 2004, as amended. The revocation order is effective immediately. This order stems from the remediation by Hollinger of its historical continuous disclosure record on March 7, 2007.

Hollinger reiterated its intention to continue to move forward by resolving historical issues and continuing its efforts to enhance the value of its assets, including its investment in Sun-Times Media Group, Inc. Hollinger is of the view, and believes that Sun-Times Media agrees, that settling the disputes between Hollinger and Sun-Times Media would be of great value to both companies.

In early March 2007, Hollinger took the initiative and presented Sun-Times Media with a comprehensive proposal to resolve all matters of disagreement between them. Sun-Times Media Group has rejected that proposal. Attempts by Hollinger to continue a productive dialogue toward such a resolution are ongoing.

Company Profile

Hollinger's principal asset is its approximately 70.1% voting and 19.7% equity interest in Sun-Times Media Group, Inc. (formerly Hollinger International Inc.), a newspaper publisher with assets which include the Chicago Sun-Times and a large number of community newspapers in the Chicago area. Hollinger also owns a portfolio of commercial real estate in Canada. Further information can be obtained at www.hollingerinc.com.

- 30 -

CONTACT INFORMATION

Media Contact

William E. Aziz
Chief Financial Officer
(416) 363-8721 ext. 262

baziz@hollingerinc.com

EXHIBIT “B”

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Sun-Times Media Group, Inc.

(Name of Issuer)

Class A Common Stock, par value \$.01 per share

(Title of Class of Securities)

86688Q100

(CUSIP Number)

**G. Wesley Voorheis
Authorized Representative
Hollinger Inc.
120 Adelaide Street West, Suite 512
Toronto, Ontario
Canada M5H 1T1
(416) 363-8721**

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

June 11, 2007

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. []

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 86688Q100

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Hollinger Inc.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) []

6. Citizenship or Place of Organization

Canada

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power

2,166,979

8. Shared Voting Power

13,605,944

9. Sole Dispositive Power

2,166,979

10. Shared Dispositive Power

13,605,944

11. Aggregate Amount Beneficially Owned
by Each Reporting Person

15,772,923

12. Check if the Aggregate Amount in Row (11) Excludes
Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

19.7%

14. Type of Reporting Person (See Instructions)

CO/HC

CUSIP No. 86688Q100

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).
 4322525 Canada Inc.

2. Check the Appropriate Box if a Member of a Group (See Instructions)
 (a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions) OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) []

6. Citizenship or Place of Organization Canada

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	13,605,944
	8. Shared Voting Power	.....
	9. Sole Dispositive Power	13,605,944
	10. Shared Dispositive Power	.....

11. Aggregate Amount Beneficially Owned
 by Each Reporting Person 13,605,944

12. Check if the Aggregate Amount in Row (11) Excludes
 Certain Shares (See Instructions) ☐

13. Percent of Class Represented by Amount in Row (11) 17.0%

14. Type of Reporting Person (See Instructions) CO/HC

This Schedule 13D, Amendment No. 1, amends and restates in its entirety Items 2, 4, 5 and 7 of the Schedule 13D of the Reporting Persons filed on February 14, 2007 (including this Amendment No. 1, the "Schedule 13D"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Schedule 13D.

Item 2. Identity and Background.

This Statement is being filed by Hollinger Inc. ("Hollinger") and 4322525 Canada Inc., an indirect wholly-owned subsidiary of Hollinger ("Canada Co", and together with Hollinger, the "Reporting Persons").

Each of Hollinger and Canada Co is a corporation incorporated under the laws of Canada and each such corporation is a holding company whose principal asset is its equity interest in the Issuer, a newspaper publisher whose assets include the *Chicago Sun-Times*, a large number of community papers in the Chicago area and a portfolio of new media investments.

The principal business address for each Reporting Person is 120 Adelaide Street West, Suite 512, Toronto, Ontario, Canada M5H 1T1.

The name, residence or business address, present principal occupation or employment (including the name, principal business and address of any corporation or other organization in which such employment is conducted) and citizenship of each director and executive officer of the Reporting Persons are listed on Schedule I hereto (the "Schedule I Persons").

During the last five years, none of the Reporting Persons nor, to the best of their knowledge, any of their officers and directors listed on Schedule I, has (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 4. Purpose of Transaction.

Hollinger has submitted to the Issuer a letter, dated June 11, 2007 (the "Letter"), indicating, among other things, that Hollinger will nominate two members to the Board of Directors of the Issuer and furnish to the Issuer the names of its nominees shortly. A copy of the Letter is filed as Exhibit 14 hereto, and is incorporated herein by reference. As of the date hereof, none of the current members of the Board of Directors of the Issuer were nominated by the Reporting Persons.

On an on-going basis, the Reporting Persons expect to consider and evaluate the alternatives available with respect to their investment in the Issuer to enhance and maximize value for all shareholders and other stakeholders of Hollinger (which alternatives may include proposing other changes to the Board of Directors of the Issuer (other than with respect to the Special Committee of the Board of Directors) and seeking further representation on the Board of Directors of the Issuer). The Reporting Persons have in the past engaged, and may from time-to-

time in the future engage, in discussions with the management and other representatives of the Issuer, as well as other shareholders of the Issuer, regarding the Issuer's business and operations, the Issuer's strategic plan and other matters.

Other than as set forth herein, the Reporting Persons currently have no plans or proposals which relate to or would result in any of the actions enumerated in paragraphs (a) through (j) of Item 4 of the form of Schedule 13D promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). However, each of the Reporting Persons reserves the right to change its plans or intentions at any time, as it deems appropriate, in light of its ongoing evaluation of (a) its business and liquidity objectives, (b) the Issuer's financial condition, business, operations, competitive position, prospects and/or share price, (c) industry, economic and/or securities markets conditions, (d) alternative investment opportunities, and (e) other relevant factors. To the Reporting Persons' knowledge, any of the Schedule I Persons may make the same evaluations and reserve the same rights.

Item 5. Interests in the Securities of the Purchaser.

The Reporting Persons

- (a) The responses set forth on rows 11 through 13 of the cover pages of this Statement are incorporated herein by reference. The percentages set forth in such responses are based on 80,253,369 shares of Class A Common Stock as reported in the Issuer's proxy statement on Schedule 14A filed with the Commission on May 14, 2007, and includes (i) 65,263,369 outstanding shares of Class A Common Stock and (ii) 14,990,000 shares of Class A Common Stock that may be acquired at any time by the conversion of 14,990,000 shares of Class B Common Stock.

The aggregate amount of shares beneficially owned by Hollinger, as set forth on row 11 of the applicable cover page of this Statement, is comprised of the following:

- (i) 782,923 shares of Class A Common Stock, 166,979 of which are held by Hollinger and 615,944 of which are held by Canada Co; and
- (ii) 14,990,000 shares of Class A Common Stock that may be acquired at any time by the conversion of 14,990,000 shares of Class B Common Stock, 2,000,000 of which are held by Hollinger and 12,990,000 of which are held by Canada Co.

Pursuant to Rule 13d-3 under the Exchange Act, Hollinger (by virtue of its relationship with Canada Co) may be deemed to share beneficial ownership of the shares of Class A Common Stock and the shares of Class B Common Stock owned by Canada Co.

- (b) The responses set forth (i) on rows 7 through 10 of the cover pages of this Statement and (ii) in Item 5(a) above are incorporated herein by reference.
- (c) None.

- (d) The responses set forth in Item 6 relating to the Indentures, the Security Agreement, the Security Agreement Amendment and the Second Priority Notes Security Agreement (each such term defined below) are incorporated herein by reference.
- (e) Not applicable.

Directors and Executive Officers of the Reporting Persons

To the knowledge of the Reporting Persons, the following directors and executive officers of the Reporting Persons beneficially own shares of Class A Common Stock as follows:

<u>Name</u>	<u>Number of shares of Class A Common Stock Beneficially Owned</u>
Stanley M. Beck, Q.C.	3,525.67

Item 7. Material to be Filed as Exhibits.

Exhibit No.	Description
1.	Joint Filing Agreement, dated as of February 13, 2007, between Hollinger Inc. and 4322525 Canada Inc. (incorporated by reference to Exhibit 1 of the Schedule 13D filed by the Reporting Persons on February 14, 2007).
2.	Share Exchange Agreement, dated as of July 19, 1995, between Hollinger Inc. and American Publishing Company (incorporated by reference to the definitive proxy statement of Sun-Times Media Group, Inc., dated September 28, 1995).
3.	UniMedia Class A Stock Purchase Agreement, dated as of April 18, 1997, among Hollinger Inc., UniMedia Holding Company and Hollinger International Inc. (incorporated by reference to Exhibit 14 of Amendment No. 5 to the Schedule 13D filed by Hollinger Inc., The Ravelston Corporation Limited and Conrad M. Black on August 11, 1997).
4.	UniMedia Class B Stock Purchase Agreement, dated as of April 18, 1997, among Hollinger Inc., UniMedia Holding Company and Hollinger International Inc. (incorporated by reference to Exhibit 15 of Amendment No. 5 to the Schedule 13D filed by Hollinger Inc., The Ravelston Corporation Limited and Conrad M. Black on August 11, 1997).
5.	Amended and Restated First Exchange Agreement, dated as of July 21, 1997, among Hollinger Inc., UniMedia Holding Company and Hollinger International Inc. (incorporated by reference to Exhibit 16 of Amendment No. 5 to the Schedule 13D filed by Hollinger Inc., The Ravelston Corporation Limited and Conrad M. Black on August 11, 1997).
6.	Second Amended and Restated Second Exchange Agreement, dated as of July 21, 1997, among Hollinger Inc., UniMedia Holding Company and Hollinger International Inc. (incorporated by reference to Exhibit 17 of Amendment No. 5 to the Schedule 13D filed by Hollinger Inc., The Ravelston Corporation Limited and Conrad M. Black on August 11, 1997).
7.	Security Agreement, dated as of March 10, 2003, among Hollinger Inc., Ravelston Management Inc., 504468 N.B. Inc. and Wachovia Trust Company, National Association (incorporated by reference to Exhibit 99.33 of Amendment No. 15 to the Schedule 13D filed by Hollinger Inc., The Ravelston Corporation Limited and Conrad M. Black, The Lord Black of Crossharbour, P.C. (Can), O.C., K.C.S.G, on January 20, 2004).

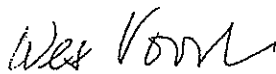
Exhibit No.	Description
8.	First Amendment to Security Agreement, dated as of September 30, 2004, among Hollinger Inc., Ravelston Management Inc., 504468 N.B. Inc. and Wachovia Trust Company, National Association (incorporated by reference to Exhibit 8 of the Schedule 13D filed by the Reporting Persons on February 14, 2007).
9.	Second Priority Notes Security Agreement, dated as of September 30, 2004, among Hollinger Inc., Ravelston Management Inc., 504468 N.B. Inc. and HSBC Bank USA, National Association (incorporated by reference to Exhibit 9 of the Schedule 13D filed by the Reporting Persons on February 14, 2007).
10.	Consent of Defendant Hollinger International Inc., dated January 16, 2004 (incorporated by reference to Exhibit 99.3 of the Current Report On Form 8-K filed by Hollinger International Inc. on January 16, 2004).
11.	Partial Final Judgment and Order of Permanent Injunction and Other Equitable Relief, dated January 16, 2004 (incorporated by reference to Exhibit 99.4 of the Current Report On Form 8-K filed by Hollinger International Inc. on January 16, 2004).
12.	Power of Attorney, dated as of February 13, 2007, between Hollinger Inc. and G. Wesley Voorheis (incorporated by reference to Exhibit 12 of the Schedule 13D filed by the Reporting Persons on February 14, 2007).
13.	Power of Attorney, dated as of February 13, 2007, between 4322525 Canada Inc. and G. Wesley Voorheis (incorporated by reference to Exhibit 13 of the Schedule 13D filed by the Reporting Persons on February 14, 2007).
14.	Letter, dated June 11, 2007, from Hollinger to the Issuer (filed herewith).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: June 13, 2007

HOLLINGER INC.

By: 

Name: G. Wesley Voorheis

Title: Authorized Representative

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: June 13, 2007

4322525 CANADA INC.

By: 
Name: G. Wesley Voorheis
Title: Authorized Representative

SCHEDULE I

Directors and Executive Officers of the Reporting Persons

The (i) name, (ii) title, (iii) country of citizenship, (iv) principal occupation or employment (including the name and principal business of any corporation or other organization in which such employment is conducted) and (v) principal business address of each of the directors and executive officers of Hollinger are listed below:

Directors

- (i) Stanley M. Beck, Q.C.
 - (ii) Director
 - (iii) Canada
 - (iv) President, Granville Arbitrations Limited
 - (v) Suite 500, 70 Bond Street, Toronto, Ontario, Canada M5B 1X3
-
- (i) David A. Rattee
 - (ii) Director
 - (iii) Canada
 - (iv) Chairman, President and Chief Executive Officer, CIGL Holdings Ltd.
 - (v) Suite 1000, 33 Yonge Street, Toronto, Ontario, Canada M5E 1S9
-
- (i) David W. Drinkwater
 - (ii) Director
 - (iii) Canada
 - (iv) Chief Financial Officer (on an interim basis), Nortel Networks Corporation
 - (v) 195 The West Mall, Toronto, Ontario, Canada M9C 5K1

- (i) Patrick W. E. Hodgson
- (ii) Director
- (iii) Canada
- (iv) President, Cinnamon Investments Ltd.
- (v) 60 Bedford Road, 2nd Floor, Toronto, Ontario, Canada M5R 2K2

- (i) G. Wesley Voorheis
- (ii) Director
- (iii) Canada
- (iv) Managing Director, VC & Co. Incorporated
- (v) Suite 908, 120 Adelaide Street West, Toronto, Ontario, Canada M5H 1T1

Executive Officers

- (i) G. Wesley Voorheis
- (ii) Director, Acting CEO
- (iii) Canada
- (iv) Managing Director, VC & Co. Incorporated
- (v) Suite 908, 120 Adelaide Street West, Toronto, Ontario, Canada M5H 1T1

- (i) William Aziz
- (ii) Chief Financial Officer
- (iii) Canada
- (iv) Chief Financial Officer, Hollinger Inc.
- (v) 120 Adelaide Street West, Suite 512, Toronto, Ontario, Canada M5H 1T1

The (i) name, (ii) title, (iii) country of citizenship, (iv) principal occupation or employment (including the name and principal business of any corporation or other organization in which such employment is conducted) and (v) principal business address of each of the directors and executive officers of Canada Co are listed below:

Directors

- (i) G. Wesley Voorheis
- (ii) Director, Chairman
- (iii) Canada
- (iv) Managing Director, VC & Co. Incorporated
- (v) Suite 908, 120 Adelaide Street West, Toronto, Ontario, Canada M5H 1T1

- (i) Stanley M. Beck, Q.C.
- (ii) Director
- (iii) Canada
- (iv) President, Granville Arbitrations Limited
- (v) Suite 500, 70 Bond Street, Toronto, Ontario, Canada M5B 1X3

- (i) David A. Rattee
- (ii) Director
- (iii) Canada
- (iv) Chairman, President and Chief Executive Officer, CIGL Holdings Ltd.
- (v) Suite 1000, 33 Yonge Street, Toronto, Ontario, Canada M5E 1S9

Hollinger

G. WESLEY VOORHEIS

TELEPHONE: (416) 363-8721
FAX: (416) 364-0832
wvoorheis@hollingerinc.com

June 11, 2007

VIA FAX AND FIRST-CLASS MAIL

Mr. Cyrus F. Freidheim, Jr.
Chief Executive Officer
Sun-Times Media Group, Inc.
350 North Orleans Street
Chicago, IL 60654-1771
U.S.A.

Dear Cyrus:

We have now had an opportunity to reflect on the Investor Presentation made by Sun Times Media Group at its investor meeting held on May 16, 2007. As Sun-Times Media Group's largest stockholder, we have a number of concerns about the business plan as outlined in that presentation which relate to:

- (i) the state of the media industry generally in the United States;
- (ii) the execution risk involved with the successful implementation of the plan;
- (iii) the postponement of the consideration of strategic alternatives for Sun Times Media Group until 2009; and
- (iv) the lack of transparency, and the uncertainty relating to, the unresolved tax issues faced by Sun-Times Media Group.

We do recognize that extensive efforts have been made to date by you and your colleagues in identifying and attempting to resolve the extensive problems faced by the Sun Times Media Group's business. And there has never been an issue about you and your fellow directors' good faith desire to do the right thing for the Sun-Times Media Group stockholders.

Nevertheless, we believe that the board of directors of Sun-Times Media Group should immediately commence a formal process to consider all the strategic alternatives to maximize value for the benefit of all the stockholders of Sun-Times Media Group.

In light of the foregoing, as well as the significant stake in the company that we currently hold, we have decided that we would like two of our nominees to become directors of Sun-Times Media Group. We will furnish the names of our nominees shortly.

As we have said before, we do not intend to interfere in any way with the mandate of the Special Committee or Mr. Breeden. We are committed to working with the Special Committee and the entire board of directors to ensure that there are no conflicts with our nominees. It is important to point out that, as the company's largest shareholder, our interests are aligned with those of all of the stockholders of Sun-Times Media Group.

We understand that you are in discussions with other shareholders of Sun-Times Media Group about nominees for your board other than those proposed in Sun-Times' proxy circular. We are not aware of the details of those discussions.

Rather than seeking to elect nominees to your board at or in advance of tomorrow's stockholder meeting, we are prepared to vote our shares at the meeting in favour of the nominees proposed in your proxy circular, but believe that we should work together over the near term to determine an acceptable board that includes our two nominees whom your board can appoint or we can elect by written consent.

We would be pleased to discuss with you how we might be able to accomplish the foregoing in a consensual manner.

Yours very truly,

G. Wesley Voorheis

EXHIBIT “C”

Hollinger

G. WESLEY VOORHEIS
Chief Executive Officer

TELEPHONE: (416) 363-8721 x237
FAX: (416) 363-4187
wvoorheis@hollingerinc.com

July 24, 2007

VIA E-MAIL AND COURIER

Mr. Gordon A. Paris
Sun-Times Media Group, Inc.
350 North Orleans Street
Chicago, IL 60654-1771
U.S.A.

Dear Gordon:

I am writing to follow up on our meeting last Friday and the proposal that you have presented to us.

As we discussed, your latest proposal is significantly different than the one that you previously had proposed, that we previously had negotiated and as to which, on the financial terms, impasse had been reached simply over when the consideration would change hands – and not what the elements or amount of consideration should be. We have previously told you our view that your prior proposal can be implemented without violating any provision of the trust indenture for our Senior Notes. While you accept that this is the better view, you have told us that Sun-Times Media Group, Inc. (“STMG”) does not wish to take any risk that the prior proposal violates the trust indenture. In order to accommodate your concerns, you now propose a substantially different transaction, and one that eliminates any upside on our STMG investment and that requires an even greater financial contribution by Hollinger Inc. than the prior proposal. We are disappointed by your new proposal – in particular, we are disappointed that your new proposal does not include any undertaking by STMG to initiate a strategic process to maximize value for all STMG shareholders.

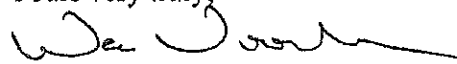
Putting all of that aside, we believe that we have a duty to consider your new proposal. In order to meaningfully assess your proposal and the elimination of the STMG investment and to be in a position to make a recommendation to our board and shareholders, however, we need certain information regarding STMG. We will forward to you shortly a list of the information that we will need in order to evaluate your proposal.

HOLLINGER INC.
120 ADELAIDE STREET WEST, SUITE 512, TORONTO, ONTARIO M5H 1T1

Mr. Gordon A. Paris
July 24, 2007
Page 2

We would like to receive this information as quickly as possible so that we can promptly evaluate your new proposal. I will call you in the next day or so to discuss a schedule for providing the information to us and moving this process forward.

Yours very truly,

A handwritten signature in black ink, appearing to read 'G. Wesley Voorheis', with a long horizontal flourish extending to the right.

G. Wesley Voorheis

SENT ON BEHALF OF WES VOORHEIS, CEO - HOLLINGER INC.
120 Adelaide Street West; Suite 512
Toronto, ON M5H 1T1
wvoorheis@hollingerinc.com

July 26, 2007

Mr. Gordon A. Paris
Sun-Times Media Group Inc.
350 North Orleans Street
Chicago, Illinois 60654-1771

c/o gparis@berensonco.com
Berenson & Company
New York, NY

Dear Gordon,

I apologize for the delay in getting this to you. I had hoped to get it to you early today. Here is the preliminary list, prepared by BMO Nesbitt Burns, of information we require to conduct our due diligence around your proposed transaction.

Information request list:

- (1) Financial business plan projecting consolidated financial results for STMG through 2009; include supporting schedules detailing assumptions and "build-up" of projections from the assumptions and segmentation of the projections by line of business
 - (2) Information with respect to the fiscal 2007 YTD and fiscal 2006 results in sufficient detail to analyze operating performance separate from the effects of non-publishing activities (e.g. litigation) and non-recurring events, segmented by line of business
 - (3) Any analyses that ascribe a value to all or any part of STMG's business
 - (4) Information related to the remaining tax liability in sufficient detail to understand the nature of the issues, status of discussions with tax authorities (including correspondence with such authorities) and range of possible outcomes
 - (5) Analysis benchmarking the performance of STMG publications against peers
 - (6) Details of the STMG Strategic Plan as approved by the STMG Board and the underlying tactics to achieve each strategy
 - (7) Any other information or documentation that would be material to the value of the Hollinger Inc. investment in STMG
- We look forward to receiving this information as soon as possible, so that we can begin our review.

Thank you

Regards,

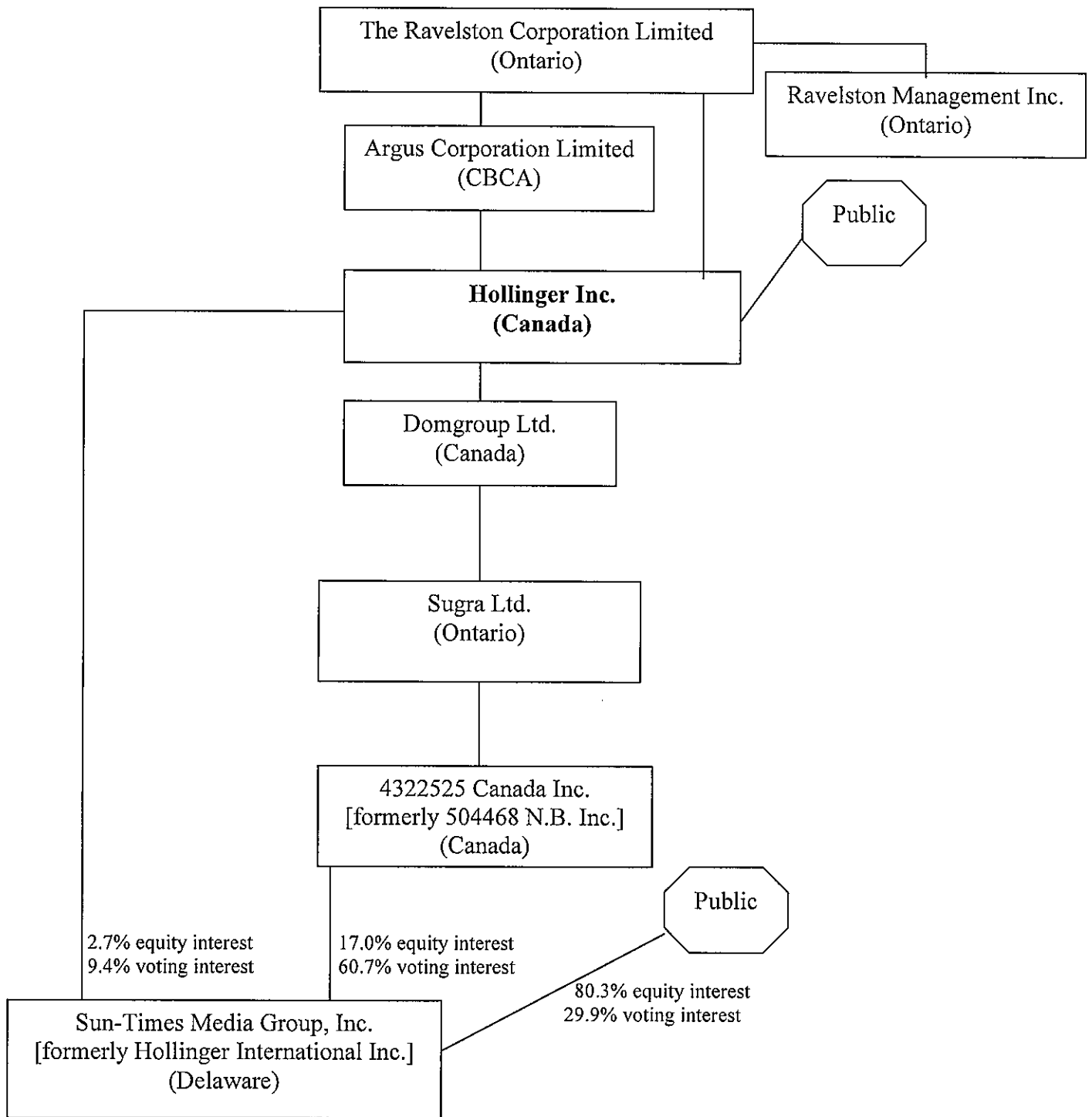
Wes Voorheis

Sent by:
Anna Garbin
Hollinger Inc.
120 Adelaide St. W.
Suite 512, Toronto, M5H 1T1
416-216-0421

EXHIBIT “D”

20

17



Court File No.

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

APPLICATION RECORD
(returnable on August 1, 2007)

(Volume II of II)

Dated: July 31, 2007

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

Robert I. Thornton – 24266B 1B
D.J. Miller – 34393P 1D
Kyla E.M. Mahar – 44182G

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

Solicitors for the Applicants

EXHIBIT “H”

EXECUTION VERSION

HOLLINGER INC.

11.875% Senior Secured Notes due 2011

Unconditionally Guaranteed by
RAVELSTON MANAGEMENT INC. and
504468 N.B. INC.

INDENTURE

Dated as of September 30, 2004

HSBC BANK USA, NATIONAL ASSOCIATION,

Trustee

THE RAVELSTON CORPORATION LIMITED

SUGRA LIMITED

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SCHEDULE 1 -- Permitted Indebtedness

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EXHIBIT C -- Form of Certificate to be Delivered in Connection with Transfers Pursuant to Regulation S

EXHIBIT D -- Form of Rule 144 Certification

EXHIBIT E -- Form of Intercreditor Agreement

EXHIBIT F -- RMI Subordination Agreement

EXHIBIT G -- Security Agreement

EXHIBIT H -- Form of First Priority Intercreditor Agreement

CROSS-REFERENCE TABLE

<u>TRUST INDENTURE ACT</u>		<u>SECTION</u>	<u>INDENTURE SECTION</u>
310	(a) (1)	.....	6.09
	(a) (2)	.....	6.09
	(a) (5)	.....	6.11; 6.12
	(b)	.....	6.08; 6.10
311	(a)	.....	6.13
	(b)	.....	6.13
312	(a)	.....	7.01
	(c)	.....	7.02
313	(a)	.....	7.03
	(c)	.....	7.03
314	(a) (1)	.....	7.04(a)
	(a) (2)	.....	7.04(b)
	(a) (3)	.....	7.04(c)
	(a) (4)	.....	10.18
	(b) (1)	.....	14.03(a)
	(b) (2)	.....	14.03(b)
	(c) (1)	.....	1.03
	(c) (2)	.....	1.03
	(e)	.....	1.03
315	(a)	.....	6.01(b)
	(b)	.....	6.02
	(c)	.....	6.01(a)
	(d)	.....	6.01(c)
	(e)	.....	5.14
316	(a) (last sentence)	.....	1.01 ("Outstanding")
	(a) (1) (A)	.....	5.12
	(a) (1) (B)	.....	5.13
	(b)	.....	5.08
	(c)	.....	9.07
317	(a) (1)	.....	5.03
	(a) (2)	.....	5.04
	(b)	.....	10.03
318	(a)	.....	1.08

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of this Indenture.

INDENTURE, dated as of September 30, 2004, among HOLLINGER INC., a corporation incorporated under the Canada Business Corporation Act (as more fully defined below, the "Company"), RAVELSTON MANAGEMENT INC., a corporation incorporated under the laws of the Province of Ontario, as guarantor ("RMI"), 504468 N.B. INC., an indirect wholly owned subsidiary of the Company organized under the laws of the Province of New Brunswick, as guarantor ("NBI") and, together with RMI, as more fully defined below, the "Note Guarantors", THE RAVELSTON CORPORATION LIMITED, a corporation incorporated under the laws of the Province of Ontario ("RCL"), SUGRA LIMITED, a wholly owned subsidiary of the Company organized under the laws of the Province of Ontario ("Sugra"), and HSBC BANK USA, NATIONAL ASSOCIATION, as trustee (the "Trustee").

RECITALS

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of its senior secured notes, to be issued pursuant to Articles II and III hereof or a supplemental indenture (each a "Note" and collectively the "Notes").

Each of the Note Guarantors has duly authorized the issuance of a guarantee (the "Guarantee") of the Notes, of substantially the tenor as hereinafter set forth, and to provide therefor, each of the Note Guarantors has duly authorized the execution and delivery of this Indenture in its capacity as a Note Guarantor hereunder.

Each of RCL and Sugra has duly authorized the execution and delivery of this Indenture to provide certain covenants with respect to the Notes.

This Indenture is subject to, and shall be governed by, the provisions of the Trust Indenture Act that are required to be part of and to govern indentures qualified under the Trust Indenture Act.

All acts and things necessary have been done to make (i) the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company and (ii) this Indenture a valid agreement of the Company, RCL, Sugra and the Note Guarantors in accordance with the terms of this Indenture.

NOW, THEREFORE, in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE I

Definitions and Other Provisions of General Application

SECTION 1.01. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

(d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(e) all references to Cdn. \$ shall refer to the lawful currency of Canada and all references to \$, including U.S. dollars or United States dollars, shall refer to the lawful currency of the United States of America. In all events, all payments to be made hereunder shall be made in United States dollars.

The following terms shall have the meanings set forth in this Section:

"Acceleration Right" means a right, which at the time is immediately exercisable (without further notice or lapse of time), by the holders or a trustee to cause the acceleration of the maturity of Indebtedness of the Company or a Restricted Subsidiary having an aggregate principal amount outstanding of at least \$2,500,000.

"Acquired Indebtedness" means Indebtedness of a Person (including an Unrestricted Subsidiary) (i) existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition. Acquired Indebtedness will be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Restricted Subsidiary.

"Adjusted Net Cash Flow" means, for any period, the Net Cash Flow plus the Annual Support Amount.

"Affiliate" means, with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person that owns, directly or indirectly, 10% or more of such Person's equity ownership or Voting Stock or any officer or director of any such Person, or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the relevant agent bank under any Credit Facility established by the Company, and such agent bank's successors and assigns.

"Annual Support Amount" has the meaning set forth in the Support Agreement.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, amalgamation, consolidation or sale and leaseback transaction but not the grant of a pledge or security interest) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of (i) any Capital Stock of any Restricted Subsidiary; (ii) all or substantially all of the properties and assets of any division or line of business of the Company or any of its Restricted Subsidiaries; or (iii) any other properties or assets (other than cash) of the Company or any Restricted Subsidiary, other than in the ordinary course of business. For the purposes of this definition, the term "Asset Sale" shall not include (A) any transfer of properties and assets, in a single transaction or series of related transactions, that is governed by the provisions of Article VIII, (B) any transfer of properties and assets from any Restricted Subsidiary to the Company in accordance with the terms of this Indenture, (C) any transfer of properties and assets, in a single transaction or series of related transactions, having a market value of less than \$1,000,000 (it being understood that, if the market value of the properties or assets being transferred exceeds \$1,000,000, the entire value and not just the portion in excess of \$1,000,000 shall be deemed to have been the subject of an Asset Sale), (D) any transfer of properties and assets which are obsolete (in the case of equipment) to the Company's and its Restricted Subsidiaries' businesses, (E) any transfer of properties and assets to any Restricted Subsidiary, (F) any transfer of properties and assets from any Restricted Subsidiary to any other Restricted Subsidiary, and (G) any release of the Senior Notes Collateral permitted under and made in accordance with the provisions hereof or of the Security Documents.

"Average Life to Stated Maturity" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the product of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

"Bankruptcy Law" means Title Eleven of the United States Code, as amended, or any similar United States federal or state or foreign law (including, without limitation, the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada)) relating to bankruptcy, insolvency, receivership, winding-up, liquidation, consolidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"Board of Directors" means the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a copy of a resolution certified by an Officer of the Company to have been duly adopted by such Board of Directors of the Company or a duly authorized committee of such board and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to remain closed.

"Capital Lease Obligation" of any Person means any obligation of such Person and its subsidiaries on a consolidated basis under any capital lease of real or personal property, which, in accordance with GAAP, has been recorded as a capitalized lease obligation.

"Capital Stock" of any Person means any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock and options, warrants or other rights to acquire such Person's capital stock.

"Cash Equivalents" means (i) any evidence of indebtedness with a maturity of 180 days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States of America is pledged in support thereof); (ii) certificates of deposit or acceptances with a maturity of 180 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$500,000,000; (iii) commercial paper with a maturity of 180 days or less issued by a corporation that is not an Affiliate of the Company organized under the laws of any state of the United States or the District of Columbia and rated A-1 (or higher) according to S&P or P-1 (or higher) according to Moody's or at least an equivalent rating category of another nationally recognized securities rating agency; (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of \$500,000,000; and (v) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the government of the United States of America or issued by any agency thereof and backed by the full faith and credit of the United States of America, in each case maturing within 180 days from the date of acquisition; *provided* that the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985.

"Certificated Note" means any Note issued in registered certificated form (other than a Global Note), which shall be substantially in the form of Exhibit A, with appropriate legends as specified in Section 3.05 and Exhibit A.

"Change of Control" means the occurrence of any of the following:

- (a) there is a report filed on Schedule 13D, 14D-1 or 14D-1F (or any successor schedule, form or report) pursuant to the Exchange Act, disclosing that any person (for purposes of this definition, as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision to either of the foregoing), other than any person consisting solely of Lord Black (or his heirs, executors or legal representatives) and his Affiliates, has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of Voting Stock representing 50% or more of the total voting power attached to all Voting Stock of the Company or RMI then outstanding;

provided, however, that a person shall not be deemed to be the beneficial owner of, or to own beneficially, (i) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates until such tendered securities are accepted for purchase or exchange thereunder, or (ii) any securities if such beneficial ownership (A) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to applicable law, and (B) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act;

(b) there is a report filed or required to be filed with any securities commission or securities regulatory authority in Canada, disclosing (expressly or otherwise) that any offeror (as the term "offeror" is defined in Section 89(1) of the Securities Act (Ontario) for the purpose of Section 101 of such Securities Act or any successor provision of the foregoing and which term shall include, for greater certainty, any person who directly or indirectly acquires beneficial ownership within the meaning of such Securities Act of, or control or direction over, voting or equity securities of the Company), other than any person consisting solely of Lord Black (or his heirs, executors or legal representatives) and his Affiliates, has directly or indirectly acquired beneficial ownership (within the meaning of the Securities Act (Ontario)) of, or the power to exercise control or direction over, voting or equity securities, or securities convertible into voting or equity securities, of the Company that together with such offeror's securities (as the term "offeror's securities" is defined in Section 89(1) of the Securities Act (Ontario) or any successor provision thereto in relation to the voting or equity shares of the Company) would constitute Voting Stock of the Company representing 50% or more of the total voting power attached to all Voting Stock of the Company then outstanding;

(c) any person, other than any person consisting solely of Lord Black (or his heirs, executors or legal representatives) and his Affiliates, directly or indirectly acquires beneficial ownership (within the meaning of the Securities Act (Ontario)) of, or the power to exercise control or direction over, voting or equity securities, or securities convertible into voting or equity securities, of RMI that together with such person's securities (the term "person's securities" to have the same meaning as "offeror's securities" as defined in Section 89(1) of the Securities Act (Ontario) or any successor provision thereto in relation to the voting or equity shares of the RMI) would constitute Voting Stock of RMI representing 50% or more of the total voting power attached to all Voting Stock of RMI then outstanding;

(d) there is consummated a consolidation (involving a business combination), merger or amalgamation of the Company or RMI, as the case may be, (i) in which the Company or RMI, as the case may be, is not the continuing or surviving corporation or (ii) pursuant to which any Voting Stock of the Company or RMI, as the case may be, would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) a consolidation, merger or amalgamation of the Company or RMI, as the case may be, in which the holders of the Voting Stock of the Company or RMI, as the case may be, immediately prior to the consolidation, merger or

amalgamation have, directly or indirectly, 50% or more of the Voting Stock of the continuing or surviving corporation immediately after such transaction;

(e) during any period of 12 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Company or RMI (together with any new directors whose election by such Board of Directors, or whose nomination for election by the stockholders of the Company or RMI, as the case may be, was approved by a vote of at least a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; or

(f) Lord Black (or his heirs, executors and legal representatives) and his Affiliates cease to beneficially own and control the voting of, directly or indirectly, Voting Stock of the Company or RMI representing a greater percentage of the total voting power attached to the Voting Stock of the Company or RMI than the percentage beneficially owned and controlled, directly or indirectly, by any other single shareholder of the Company or RMI together with its Affiliates (a "Designated Transaction") and there shall occur a Rating Decline.

For purposes hereof, "Rating Decline" means an event that will be deemed to have occurred if, on any date within the period (the "Rating Period") beginning on the date (the "Reference Date") of the earlier to occur of (A) the first public announcement by the Company or any other Person of an intention to effect any Designated Transaction and (B) the occurrence of such Designated Transaction, and ending on the date 90 days thereafter, either of the following events has occurred: (1) the Notes (or any other securities of the Company which are rated by a Rating Agency on the date which is 61 days prior to the Reference Date (the "Rating Date")) shall be rated by any Rating Agency at any time during the Rating Period at a rating which is lower than the rating of the Notes (or such other securities of the Company, as the case may be) by such Rating Agency on the Rating Date by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) or (2) any Rating Agency shall have withdrawn its rating of the Notes (or such other securities of the Company, as the case may be) during the Rating Period.

"Class A Common Stock" means the Class A common stock, par value \$0.01 per share, of Hollinger International.

"Class B Common Stock" means the Class B common stock, par value \$0.01 per share, of Hollinger International.

"Class B Shares" means the 14,990,000 shares of Class B Common Stock pledged pursuant to the First Priority Notes Security Agreement and the Security Agreement as security for the Company's obligations under the First Priority Notes and the Notes and NBI's obligations under the NBI guarantee of the First Priority Notes and the NBI Guarantee, as such number may be adjusted from time to time as permitted by this Indenture or the Security Agreement.

"Code" means the Internal Revenue of 1986, as amended.

"Collateral" means any property, assets, proceeds or other items that may be pledged as security for the Notes, whether pursuant to Section 10.11, Article XIV or otherwise.

"Collateral Account" means a collateral account established by the Company with the Collateral Agent or another financial institution pursuant to and in accordance with the Security Agreement.

"Collateral Agent" means the collateral agent under the Indenture, the Intercreditor Agreement and the Security Agreement; which initially shall be the Trustee; acting in its capacity as Collateral Agent under such agreements on behalf of and for the benefit of the Trustee and the Holders.

"Commission" means the Securities and Exchange Commission; as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means Hollinger Inc., a corporation incorporated under the Canada Business Corporation Act, until a successor Person shall have become such pursuant to Article VIII of this Indenture and thereafter "Company" shall mean such successor Person. To the extent necessary to comply with the requirements of the provisions of Trust Indenture Act Sections 310 through 317 as they are applicable to the Company, the term "Company" shall include any other obligor with respect to the Notes for purposes of complying with such provisions, including any Note Guarantor.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any one of its Chairman of the Board, its Vice Chairman, its President or a Vice President (regardless of Vice Presidential designation), and by any one of its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and in form and substance reasonably satisfactory to the Trustee and delivered to the Trustee.

"Consolidated Assets" means, with respect to the Company, the total assets shown on the balance sheet of the Company and its Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP, as of the Company's latest full fiscal quarter.

"Consolidated Interest Expense" means, with respect to any period, the sum of (i) the interest expense of the Company and the Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with GAAP (other than any dividends paid by the Company on the Series II Preferred Shares or any Capital Stock issued in replacement therefor), including, without limitation, (a) amortization of debt discount, (b) the net payments, if any, under interest rate contracts (including amortization of discounts), (c) the interest portion of any deferred payment obligation and (d) accrued interest, plus (ii) the interest component of Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company and the Restricted Subsidiaries during such period, and all capitalized interest of the Company and the Restricted Subsidiaries, in each case as determined on a Consolidated basis in accordance with GAAP.

"Consolidated Net Worth" means the common and preferred stockholders' equity of the Company and its Restricted Subsidiaries (exclusive of any redeemable capital stock), as determined on a Consolidated basis and in accordance with GAAP.

"Consolidation" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP; *provided, however*, that the accounts of any Unrestricted Subsidiary shall not be consolidated with the Company but instead the interest of the Company or any Restricted Subsidiary therein will be accounted for as an investment on an equity basis. The term "Consolidated" shall have a correlative meaning.

"Contribution Agreement" means the contribution agreement among RCL, RMI and the Company dated March 10, 2003, as amended or supplemented from time to time in accordance with the Indenture.

"Corporate Trust Office" means the office of the Trustee at which at any particular time the corporate trust business for the purposes of this Indenture shall be principally administered, which office at the date of execution of this Indenture is located at 452 Fifth Avenue, New York NY 10018, Attention: Corporate Trust.

"Coverage Ratio" means, with respect to the Company and its Restricted Subsidiaries, the ratio of (x) the sum of Adjusted Net Cash Flow and Consolidated Interest Expense, to (y) the Consolidated Interest Expense for the preceding four quarter period.

"Credit Facility" means an agreement that the Company and NBI may enter into with one or more Canadian chartered banks and other financial institutions with respect to a credit facility providing for up to Cdn. \$15 million in borrowings by the Company and NBI on a revolving line of credit basis, which borrowings may (i) at the option of the Company and subject to such conditions as may be set forth in such agreement, be converted into a term loan having an Average Life to Stated Maturity and Stated Maturity sooner than those of the Notes, *provided* that at the time of such conversion no Default or Event of Default under the Notes or the Credit Facility has occurred and is continuing, and (ii) be secured by a first priority lien on any of the assets, properties and rights of the Company or NBI not pledged as collateral for the Notes pursuant to the Security Agreement or the First Priority Note Security Agreement, as such credit agreement may be amended, amended and restated, renewed, extended, substituted, refinanced, restructured, replaced, supplemented, waived, deferred or otherwise modified from time to time, in each case whether with the same and/or different lenders, and also including all related guarantees, security or pledge arrangements, hedging arrangements and other instruments and agreements executed in connection therewith; *provided further* that the Agent, any collateral agent and each lender under such Credit Facility shall, concurrently with the execution and delivery of such credit agreement have executed and delivered an Intercreditor Agreement.

"Currency Agreements" means one or more of the following agreements which shall be entered into with one or more financial institutions: foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against fluctuations in currency values.

"Current Market Price" means, with respect to any share of Class A Common Stock or Class B Common Stock of Hollinger International on any date, the simple average of the daily closing prices for the 45 consecutive Trading Days ending on the date of determination or the date on which any of the Pledged Share Collateral is to be released as permitted under Section 14.04(a)(ii) or (v) of this Indenture, as the context requires. The closing price for each day shall be the last reported sales price of the Class A Common Stock or, in case no such reported sale takes place on such date, the average of the reported closing bid and asked prices of the Class A Common Stock in either case on the New York Stock Exchange (the "NYSE") or, if the Class A Common Stock is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which the Class A Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, the closing sales price of the Class A Common Stock as quoted by NASDAQ or, in case no reported sale takes place, the average of the closing bid and asked prices as quoted by NASDAQ or any comparable system or, if the Class A Common Stock is not quoted on NASDAQ or any comparable system, the closing sales price or, in case no reported sale takes place, the average of the closing bid and asked prices, as furnished by any two members of the National Association of Securities Dealers, Inc. selected from time to time by the Company for that purpose. If no such prices are available, the Current Market Price per share shall be the fair value of a share of Class A Common Stock as determined by the Independent Directors of the Company.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Transaction" shall have the meaning assigned to such term in paragraph (f) of the "Change of Control" definition.

"Distribution Compliance Period" means, in respect of any Regulation S Global Note, the 40 consecutive days beginning on and including the later of (a) the day on which any Notes represented thereby are offered to persons other than distributors (as defined in Regulation S under the Securities Act) pursuant to Regulation S and (b) the issue date for such Notes.

"Dividend Offset Amount" means the excess of any Net Dividend Amount received by the Company and NBI in the relevant fiscal year over \$4.65 million.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time of determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination.

"DTC" means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company that is a clearing agency registered under the Exchange Act.

"Event of Default" has the meaning specified in Article V.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Notes" means debt securities of the Company, substantially identical in all material respects to the Notes (except that the additional interest provisions and the transfer restrictions pertaining to the Notes will be modified or eliminated, as appropriate), to be issued pursuant to this Indenture in an aggregate principal amount up to the aggregate principal amounts outstanding under both the Notes and the First Priority Notes as of the date such debt securities are first issued.

"Exchange Offer Registration Statement" shall have the meaning assigned to such term in the Registration Rights Agreement.

"First Priority Intercreditor Agreement" means the intercreditor agreement among the Company, the Trustee, the Collateral Agent, and the trustee and collateral agent under the First Priority Notes Indenture, dated as of the date hereof, in the form attached as Exhibit H to this Indenture, as the same may be amended or supplemented from time to time in accordance with this Indenture.

"First Priority Notes" means any of the Company's outstanding 11.875% Senior Secured Notes due 2011 issued and authenticated pursuant to the First Priority Notes Indenture.

"First Priority Notes Indenture" means the Indenture, dated as of March 10, 2003, among the Company, as issuer, RMI and NBI, as guarantors, RCL, Sugra and Wachovia Trust Company, National Association, as trustee, as amended or supplemented from time to time.

"First Priority Notes Security Agreement" means the Security Agreement, dated as of March 10, 2003, among the grantors referred to therein and Wachovia Trust Company, National Association, as trustee and collateral agent, entered into in connection with the First Priority Notes Indenture, as amended or supplemented from time to time.

"Floor Amount" means \$14,000,000 in each fiscal year, less (i) the aggregate amount of management fees paid in cash by Hollinger International and its subsidiaries directly to the Company or to its Wholly Owned Restricted Subsidiaries in such fiscal year, and (ii) any Dividend Offset Amount in such fiscal year. With respect to any period that is less than a fiscal year, the Floor Amount shall be calculated pro rata by reference to the number of days in such period, computed on the basis of a 360-day year of twelve 30-day months.

"Generally Accepted Accounting Principles" or "GAAP" means generally accepted accounting principles in Canada, consistently applied, which were in effect as of March 10, 2003.

"Global Note" means any Note issued in registered certificated form to DTC (or its nominee), as depositary for the beneficial owners thereof, which shall be substantially in the form of Exhibit A, with appropriate legends as specified in Section 3.05 and Exhibit A.

"Guaranteed Debt" of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of "Indebtedness" guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness (or to indemnify another Person for the costs

thereof), (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered), (iv) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor, or (v) otherwise to assure a creditor against loss, *provided* that the term "guarantee" shall not include endorsements for collection or deposit in either case in the ordinary course of business.

"Guarantee Obligations" means the obligations of the Guarantors under the Indenture, the Notes and the Guarantees to pay principal, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with this Indenture and the Notes, and the performance of all other obligations to the Trustee, the Paying Agent and the Holders under this Indenture and the Notes, according to the terms thereof.

"Guarantees" means the RMI Guarantee and the NBI Guarantee and, if the context requires, the guarantee by any Restricted Subsidiary of the Indenture Obligations.

"Holder" means a Person in whose name a Note is registered in the Note Register.

"Hollinger International" means Hollinger International Inc., a corporation incorporated under the laws of Delaware.

"Incur" means create, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise incur.

"Indebtedness" means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (or other obligations to former owners of acquired businesses), excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities and in connection with any agreement to purchase, redeem, exchange, convert or otherwise acquire for value any Capital Stock of such Person, or any warrants, rights or options to acquire such Capital Stock, now or hereafter outstanding, (ii) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business, (iv) all obligations under Interest Rate Agreements and Currency Agreements of such Person related to the settlement or termination of those agreements as of the date of determination, (v) all Capital Lease Obligations of such Person, (vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property (including, without limitation, accounts and contract rights)

owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, (vii) all Guaranteed Debt of such Person, (viii) all Redeemable Capital Stock and (without duplication) all Preferred Stock of Restricted Subsidiaries other than Preferred Stock held by Restricted Subsidiaries or the Company, valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends, and (ix) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any Indebtedness of the types referred to in clauses (i) through (viii) above. For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock or Preferred Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock or Preferred Stock as if such Redeemable Capital Stock or Preferred Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Redeemable Capital Stock or Preferred Stock, such fair market value to be determined in good faith by the Board of Directors of such Person.

"Indenture" means this instrument as originally executed (including all exhibits and schedules hereto) and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the Notes established as contemplated by Section 2.01.

"Indenture Obligations" means the obligations of the Company under this Indenture or under the Notes to pay principal, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with this Indenture and the Notes, and the performance of all other obligations to the Trustee, the Paying Agent and the Holders under this Indenture and the Notes, according to the terms thereof.

"Independent Director" means a member of the board of directors of a Person that is not an officer, employee or former officer or employee of such Person or one of its Affiliates and, with respect to any transaction or series of related transactions, a member of the board of directors who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions (including for such purpose the interest of any other Person with respect to whom such director is also a director, officer or employee).

"Intercreditor Agreement" means an intercreditor agreement among the Trustee, the Collateral Agent, the Agent, and any collateral agent and lenders under the Credit Facility, substantially in the form attached as Exhibit E to this Indenture; provided, however that (i) any variations from Exhibit E, taken as a whole, shall not be materially less favorable to the Trustee, Collateral Agent and the Holders than the terms and conditions reflected in Exhibit E and (ii) the Company and the Note Guarantors shall, at the time such Intercreditor Agreement is entered into, have delivered to the Trustee and the Collateral Agent an Opinion of Counsel confirming the matters set forth in clause (i) of this proviso and such other matters as this Indenture may require and as the Trustee or Collateral Agent may request.

"Interest Payment Date" means the Stated Maturity of a regular installment of interest on the Notes or the Special Payment Date with respect to Defaulted Interest.

"Interest Rate Agreements" means one or more of the following agreements which shall be entered into from time to time with one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements.

"International Intercompany Note" means that certain Amended Promissory Note dated as of March 10, 2003 from NBI to Hollinger International in the principal amount of \$20,349,216.49. The International Intercompany Note (x) shall (i) be deemed to include any promissory note(s) issued by NBI to Hollinger International from time to time in payment of interest accrued on the Amended Promissory Note (and on any such notes previously issued in payment of interest) and (ii) have (A) a Stated Maturity occurring later than the Stated Maturity of the Notes and (B) an Average Life to Stated Maturity greater than the Average Life to Stated Maturity of the Notes, and (y) may be assigned by Hollinger International to any of its Affiliates.

"Investment" means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by, any other Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Issue Date" means the first date of issuance of Notes under this Indenture.

"Issue Date Notes" means the \$15,000,000 aggregate principal amount of Notes originally issued on the Issue Date, and any replacement Notes and Exchange Notes issued therefor in accordance with this Indenture.

"Lien" means any mortgage, charge, pledge, lien (statutory or otherwise), security interest, hypothecation or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired.

"Lord Black" means Lord Black of Crossharbour, PC(C), OC, KCSG.

"Material Restricted Subsidiary" means each Restricted Subsidiary of the Company which (i) for the most recent fiscal year of the Company accounted for more than 5% of the Consolidated revenues of the Company and its Restricted Subsidiaries or (ii) at the end of such fiscal year was the owner (beneficial or otherwise) of more than 5% of the Consolidated Assets of the Company and its Restricted Subsidiaries, all as shown on the Company's Consolidated financial statements for such fiscal year.

"Maturity" when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein provided or as provided in this Indenture, whether at Stated Maturity, the Purchase Date or the Redemption Date and whether by declaration of acceleration, Offer in respect of Excess Proceeds, Change of Control, call for redemption or otherwise.

"NBI" means 504468 N.B. Inc., an indirect wholly owned subsidiary of the Company organized under the laws of the Province of New Brunswick.

"NBI Guarantee" means the guarantee by NBI of the Indenture Obligations.

"Negative Net Cash Flow" means Net Cash Flow that is less than zero.

"Net Cash Flow" means, for any period, Net Income *plus*, without duplication, (i) the amount of all non-cash items reducing Net Income, (ii) all amounts deducted in the calculation of Net Income on account of depreciation and amortization, and (iii) all taxes provided for in the calculation of Net Income, *less*, without duplication, (iv) any non-cash items increasing Net Income, (v) all taxes paid in cash during such period, (vi) all capital expenditures made in cash during such period, and (vii) all dividends (excluding dividends on the Company's retractable common shares) made during such period; all calculated in accordance with GAAP as of the last day of any period. The Net Cash Flow of the Company will be calculated in U.S. dollars; any monetary amount in a currency other than U.S. dollars will be converted into U.S. dollars at the average exchange rate prevailing during the relevant period.

"Net Cash Proceeds" means (a) with respect to any Asset Sale by any Person, the proceeds thereof in the form of cash or Cash Equivalents including payments of principal and interest in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary) net of (i) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) payments made to retire indebtedness where payment of such indebtedness is secured by the assets or properties the subject of such Asset Sale, (iv) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and (v) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined and reflected in an Officers' Certificate delivered to the Trustee, and (b) with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that has been converted into or exchanged for Capital Stock, as referred to in Section 10.09, the proceeds of such issuance or sale in the form of Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorneys' fees, accountants' fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Net Dividend Amount" means the net cash dividend amount received by the Company and NBI in the relevant fiscal year on the shares of Class A Common Stock and Class

B Common Stock held by them (including, without limitation, any such shares pledged to the Collateral Agent as Pledged Share Collateral), after deducting (i) any withholding taxes or income taxes paid or payable in cash by the Company or NBI in respect of such dividends, and (ii) any dividends received by the Company or NBI on such number of shares of Hollinger International held by the Company or NBI that corresponds to the number of shares of Class A Common Stock into which the Series II Preferred Shares are exchangeable.

"Net Income" of the Company means, for any period, the unconsolidated net income (or loss (and treating a loss as a negative number)) of the Company for such period, adjusted by excluding, without duplication, to the extent included in calculating such net income (or loss), (i) all extraordinary gains and losses, (ii) the net income (or loss) of any Person acquired during the specified period attributable to any period prior to the date of such acquisition, (iii) any gain or loss realized upon the termination of any employee pension benefit plan, (iv) aggregate gains and losses (less all fees and expenses relating thereto) in respect of dispositions of assets other than in the ordinary course of business (*provided* that any sale of Capital Stock of Hollinger International for cash would be considered a disposition in the ordinary course of business), (v) any gain from the collection of proceeds of life insurance policies and (vi) any gain or loss arising from the acquisition of any securities of the Company, or the extinguishment, under GAAP, of any Indebtedness of the Company. The Net Income of the Company will be calculated in U.S. dollars; any monetary amount in a currency other than U.S. dollars will be converted into U.S. dollars at the average exchange rate prevailing during the relevant period.

"Note Custodian" means the custodian with respect to any Global Note appointed by DTC, or any successor Person thereto, and shall initially be the Trustee.

"Note Guarantors" means RMI and NBI and, if the context requires, any Restricted Subsidiary guarantor of the Indenture Obligations.

"Notes" means any of the Company's 11.875% Senior Secured Notes due 2011 issued and authenticated pursuant to this Indenture.

"Officer" when used with respect to the Company means the Chairman of the Board, Vice Chairman, President or a Vice President (regardless of Vice Presidential designation), Treasurer, Secretary or an Assistant Secretary of the Company.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, Vice Chairman, President or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, Secretary or an Assistant Secretary, of the Company, in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, in form and substance reasonably satisfactory to the Trustee, who may be counsel for the Company or the Trustee, and who shall be reasonably acceptable to the Trustee, including but not limited to an Opinion of Independent Counsel.

"Opinion of Independent Counsel" means a written opinion, in form and substance reasonably satisfactory to the Trustee, by someone who is not an employee or former employee of the Company and who shall be reasonably acceptable to the Trustee.

"Outstanding" when used with respect to Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Notes, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore irrevocably deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders; *provided* that, if the Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made;

(c) Notes, except to the extent provided in Sections 4.02 and 4.03, with respect to which the Company has effected defeasance or covenant defeasance as provided in Article IV; and

(d) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee and the Company proof reasonably satisfactory to each of them that such Notes are held by a bona fide purchaser in whose hands the Notes are valid obligations of the Company;

provided, however, that, in determining whether the Holders of the requisite principal amount of Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Trustee actually knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor.

"Pari Passu Indebtedness" means any Indebtedness of the Company that is *pari passu* in right of payment with the Notes.

"Paying Agent" means any Person authorized by the Company to pay the principal, premium, if any, or interest on any Notes on behalf of the Company. The Company initially authorizes the Trustee to act as Paying Agent for the Notes on its behalf. The Company may at any time and from time to time authorize one or more Persons to act as Paying Agent in addition to or in place of the Trustee with respect to any Notes issued under this Indenture.

"Permitted Indebtedness" means the following:

(i) Indebtedness of the Company (including as guarantor of NBI) or NBI under a Credit Facility to be established by the Company in a maximum aggregate principal amount at any one time outstanding (including any refinancings thereof) not to exceed Cdn. \$15,000,000; *provided* that, if any portion of the Credit Facility is comprised of term loans (defined as loans with an amortizing schedule of principal repayment), such maximum amount shall be reduced to the extent of any permanent repayment of any Indebtedness under such term loans pursuant to Section 10.13 of this Indenture;

(ii) Indebtedness of the Company pursuant to the Notes or the Exchange Notes and Indebtedness of any Restricted Subsidiary constituting a Guarantee of the Notes;

(iii) Indebtedness of the Company pursuant to the First Priority Notes Indenture and the First Priority Notes and Indebtedness of any Restricted Subsidiary in connection therewith;

(iv) Indebtedness of the Company or any Restricted Subsidiary outstanding as of March 10, 2003 and listed on Schedule 1 hereto and under or in respect of the International Intercompany Note;

(v) Indebtedness (a) of the Company owing to a Restricted Subsidiary, or (b) of a Restricted Subsidiary owing to another Restricted Subsidiary or the Company; *provided* that any such Indebtedness is made pursuant to an intercompany note setting forth the principal amount, interest rate and payment dates, the maturity or similar terms and, in the case of Indebtedness of the Company owing to a Restricted Subsidiary, is subordinated in right of payment from and after such time as the Notes shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company's obligations under the Notes; *provided further* that (x) any disposition, pledge or transfer of any such Indebtedness to a Person (other than (A) to the Company or a Restricted Subsidiary or (B) a pledge of such Indebtedness to secure Indebtedness existing at such time under, and pursuant to the terms of, the Credit Facility) will be deemed to be an Incurrence of such Indebtedness by the obligor not permitted by this clause (iv) and (y) any transaction pursuant to which any Restricted Subsidiary that has Indebtedness owing to the Company or any other Restricted Subsidiary ceases to be a Restricted Subsidiary will be deemed to be the Incurrence of Indebtedness by the Company or such other Restricted Subsidiary that is not permitted by this clause (iv);

(vi) obligations of the Company or any Restricted Subsidiary pursuant to Interest Rate Agreements or Currency Agreements designed to protect the Company or any Restricted Subsidiary against fluctuations in interest rates or currency exchange rates in respect of Indebtedness of the Company or any of its Restricted Subsidiaries, the notional amount of which (in the case of Interest Rate Agreements) and the notional or exchange amount of which (in the case of Currency Agreements) do not exceed the aggregate principal amount of such Indebtedness;

(vii) guarantees by Restricted Subsidiaries of Indebtedness of the Company otherwise permitted to be Incurred under the definition of "Permitted Indebtedness" and in accordance with the provisions of Section 10.12 of this Indenture;

(viii) Redeemable Capital Stock or Preferred Stock issued by the Company from time to time to finance retractions or redemptions of its outstanding Retractable Common Shares and Series II Preferred Shares (other than any such shares held by Affiliates of the Company);

(ix) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness Incurred as described in paragraphs (ii), (iii), (iv), (vii), and (x) of this definition of "Permitted Indebtedness," by the Company or by the obligor of such Permitted Indebtedness, including any successive refinancings, so long as (a) such refinancing does not increase the aggregate principal amount of Indebtedness represented thereby and, in the case of Pari Passu Indebtedness or Subordinated Indebtedness, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness and (b) any such refinancing Indebtedness shall not be senior in right of payment to the Indebtedness so refinanced;

(x) Indebtedness of the Company or any Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed \$1,000,000 in respect of purchase money obligations, *provided* (a) such Indebtedness is Incurred within 180 days of the purchase of the relevant assets, (b) such Indebtedness does not exceed the actual purchase price of such assets and (c) any related Liens do not extend to any assets other than those being purchased;

(xi) Subordinated Indebtedness of the Company owing to RMI, where the loans representing such Subordinated Indebtedness have been made by RMI to the Company pursuant to the terms of, and RMI's obligations under, the Support Agreement, *provided* that such Indebtedness has a Stated Maturity occurring after the Maturity of the Notes and such Indebtedness is expressly subordinated in right of payment to the Notes in accordance with the RMI Subordination Agreement; and

(xii) Subordinated Intercompany Loans of the Company owed to RCL or RMI, representing amounts received by the Company from RCL or RMI, respectively, through voluntary cash contributions by RCL or RMI to the Company after March 10, 2003.

For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the Dollar Equivalent determined on the date of the Incurrence of such Indebtedness; *provided, however*, that, if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any refinancing Indebtedness Incurred in the same currency as the Indebtedness being refinanced will be the Dollar Equivalent of the Indebtedness refinanced, except to the extent that (i) such Dollar Equivalent was determined based on a

Currency Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence, and (ii) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced; in which case the Dollar Equivalent of such excess will be determined on the date such refinancing Indebtedness is Incurred;

"Permitted Investment" means any of the following:

- (i) Investments in any Restricted Subsidiary or the Company or Investments in a Person if as a result of such Investment (A) such Person becomes a Restricted Subsidiary or (B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary;
- (ii) Investments in the Notes;
- (iii) Indebtedness owing to a Restricted Subsidiary or the Company as described under clause (v) of the definition of "Permitted Indebtedness";
- (iv) Temporary Cash Investments;
- (v) Investments acquired by the Company or any Subsidiary in connection with an Asset Sale permitted under Section 10.13 to the extent such Investments are non-cash consideration as permitted under such covenant;
- (vi) Investments in existence as of March 10, 2003; and
- (vii) in addition to the Investments described in clauses (i) through (vi) of this definition of "Permitted Investment," Investments in any Unrestricted Subsidiary or in any joint venture or other entity in an amount not to exceed \$500,000 in the aggregate since March 10, 2003.

"Permitted Liens" means:

- (i) Liens for taxes, assessments, governmental charges or claims that are not yet delinquent or are being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (ii) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen or other similar Liens (including maritime Liens) arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

- (iii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;
- (iv) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (v) easements, rights-of-way, municipal and zoning ordinances and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;
- (vi) Liens (including extensions, renewals and replacements thereof) upon real or personal property, including Capital Stock, acquired after March 10, 2003; *provided*, that (a) such Lien is created solely for the purpose of securing Indebtedness Incurred in accordance with clause (x) of the definition of "Permitted Indebtedness";
- (vii) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired;
- (viii) Liens in favor of the Company or any Restricted Subsidiary;
- (ix) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;
- (xi) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Interest Rate Agreements and Currency Agreements;
- (xii) Liens arising out of or pursuant to this Indenture, the Notes, the Security Agreement, the First Priority Notes Indenture, the First Priority Notes or the First Priority Notes Security Agreement;
- (xiii) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business; and
- (xiv) Liens granted by the Company on or after March 10, 2003 in favor of Hollinger International in and to the Company's rights under the guarantee by RCL of

RMI's obligations to the Company under the Contribution Agreement and the Support Agreement.

"Permitted Transfer" means an assignment (duly consented to by the Note Guarantors) to (a) the Company or (b) any other existing or new direct or indirect Subsidiary of RCL provided that such entity is (i) formed under the laws of Canada or any province thereof or the United States of America or any state thereof, (ii) has a Consolidated Net Worth at least equal to that of RMI and (iii) has no greater Indebtedness or other liabilities required to be recorded on its balance sheet (as reflected on the most recently available financial statements of such entity) by GAAP or United States Generally Accepted Accounting Principles, as applicable, or contingent obligations than those reflected on RMI's most recent balance sheet.

"Person" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivisions thereof.

"Pledged Agreement" means (i) the fee and other contract rights under the Services Agreement pledged as security for the obligations of RMI under its Guarantee pursuant to the First Priority Notes Security Agreement, the Security Agreement and (ii) the support payment and other contract rights under the Support Agreement pledged as security for the Company's obligations under the Notes pursuant to the First Priority Notes Security Agreement and the Security Agreement.

"Pledged Share Collateral" means the Class B Shares.

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 3.07 in exchange for a mutilated Note or in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Preferred Stock" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"QIB" means any "qualified institutional buyer" (as defined in Rule 144A).

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"Rating Agency" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and its successors ("S&P") and Moody's Investors Service, Inc. and its successors ("Moody's") or, if S&P and Moody's or both shall not make a rating of the Notes publicly available, a nationally recognized United States statistical rating agency or agencies substituted for S&P or Moody's or both, as the case may be.

"Rating Category" means each major rating category symbolized by (a) in the case of S&P, AAA, AA, A, BBB, BB, B, CCC, CC and C and each such Rating Category shall include pluses or minuses ("gradations") modifying such capital letters; and (b) in the case of Moody's, Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C and each such Rating Category shall include added numerals such as 1, 2 or 3 ("gradations") modifying such letters.

"RCL" means The Ravelston Corporation Limited, a corporation incorporated under the laws of the Province of Ontario, and any successor Person.

"RCL Repayment Amount" means, for any period, any permanent repayment of the principal amount of Indebtedness owing by RCL to the Company that is received by the Company during such period.

"Redeemable Capital Stock" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or otherwise exchangeable; would, upon the happening of an event or passage of time, be required to be redeemed in cash prior to any Stated Maturity of the principal of the Notes. For the avoidance of doubt, "Redeemable Capital Stock" shall not be deemed to include any Capital Stock of the Company that is retractable or redeemable at the option of the holder thereof for cash or Class A Common Stock at any time prior to any such Stated Maturity, or is convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof, solely for so long as the Company continues to qualify as a "mutual fund corporation" under the Income Tax Act (Canada).

"Redemption Date" when used with respect to any Note to be redeemed pursuant to any provision in this Indenture means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price" when used with respect to any Note to be redeemed pursuant to any provision in this Indenture means the price at which it is to be redeemed pursuant to this Indenture.

"Registered Exchange Offer" means an exchange offer by the Company registered under the Securities Act pursuant to which Notes originally issued pursuant to an exemption from registration under the Securities Act are exchanged for Notes of like principal amount not bearing the Private Placement Legend.

"Registration Rights Agreement" means the Registration Rights Agreement, dated September 30, 2004, as amended or supplemented from time to time in accordance with this Indenture, among the Company, the Note Guarantors and the Purchasers named therein and any other registration rights agreement between the Company, the Note Guarantors and one or more investment banks acting as initial purchasers in connection with any issuance of Notes under this Indenture.

"Registration Statement" means an effective Exchange Offer Registration Statement or Shelf Registration Statement.

"Regular Record Date" for the interest payable on any Interest Payment Date relating to a particular Note means the date specified in the Board Resolution or supplemental indenture relating to such Note.

"Resale Restriction Termination Date" means, for any Restricted Note that is an Issue Date Note (or beneficial interest therein), two years (or such other period specified in Rule 144(k) under the Securities Act) from the Issue Date.

"Responsible Officer" when used with respect to the Trustee means any officer assigned to the corporate trust department of the Trustee, including the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or any other officer appointed hereunder to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Note" means any Issue Date Note (or beneficial interest therein) not originally issued and sold pursuant to an effective registration statement under the Securities Act until such time as:

- (i) such Issue Date Note (or beneficial interest therein) has been exchanged for a corresponding Exchange Note pursuant to an Exchange Offer Registration Statement or has been transferred pursuant to a Shelf Registration Statement;
- (ii) the Resale Restriction Termination Date therefor has passed;
- (iii) such Note is a Regulation S Global Note and the Distribution Compliance Period therefor has terminated; or
- (iv) the Private Placement Legend therefor has otherwise been removed pursuant to Section 3.06(d), in the case of a beneficial interest in a Global Note, or such beneficial interest has been exchanged for an interest in a Global Note not bearing a Private Placement Legend.

"Restricted Subsidiary" means any Subsidiary other than an Unrestricted Subsidiary.

"RMI" means Ravelston Management Inc., a corporation incorporated under the laws of the Province of Ontario, and any successor Person.

"RMI Guarantee" means the guarantee by RMI of the Indenture Obligations.

"RMI Subordination Agreement" means the subordination agreement attached as Exhibit F to this Indenture whereby the Company and RMI agree that any Indebtedness owed by the Company to RMI under the Support Agreement shall be expressly subordinated in right of payment to the Notes.

"Rule 144A" means Rule 144A under the Securities Act (or any successor rule).

"Securities Act" means the Securities Act of 1933, as amended.

"Security Agreement" means the Security Agreement dated the date hereof (attached as Exhibit G to this Indenture), as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof, between the Company, RMI, NBI and the Trustee and the Collateral Agent governing (i) the security interest granted by RMI over the Services Agreement in favor of the Collateral Agent, (ii) the pledge granted by the Company and NBI over the Pledged Share Collateral in favor of the Collateral Agent and (iii) the security interest granted by the Company in the Support Agreement in favor of the Collateral Agent.

"Security Documents" means the Security Agreement and the First Priority Intercreditor Agreement and all other agreements, instruments and documents entered into by the Company and the Note Guarantors from time to time for the purpose of creating and perfecting the security interests in favor of the Collateral Agent in the Senior Notes Collateral.

"Senior Notes Collateral" means the Pledged Share Collateral, the Pledged Agreement, any amounts on deposit in the Collateral Account and all other collateral securing the Notes and the Guarantees from time to time as described in the Security Agreement.

"Series II Preferred Shares" means the series of preference shares of the Company designated as Exchangeable Non-Voting Preference Shares Series II.

"Services Agreement" means (1) the Services Agreement, dated as of January 1, 1998, between Hollinger International and RCL, as assigned by RCL to RMI pursuant to the Transfer and Consent Agreement, dated July 5, 2002, and (2) the Amended and Restated Services Agreement, dated as of December 1, 1999, between HCPH (successor in interest to Southam Inc.) and RCL, as assigned by RCL to RMI pursuant to the Transfer and Consent Agreement, dated July 5, 2002, and, in each case, as the same may be amended in accordance with the terms of the First Priority Security Agreement.

"Shelf Registration Statement" shall have the meaning assigned to such term in the Registration Rights Agreement.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.08.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the dates specified in such Indebtedness as the fixed dates on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable.

"Subordinated Indebtedness" means (i) in the case of any Person other than the Company, Indebtedness of such Person that is expressly subordinate in right of payment to any other Indebtedness of such Person pursuant to a written agreement, and (ii) in the case of the

Company, Indebtedness of the Company that is expressly subordinate in right of payment to the Notes.

"Subordinated Intercompany Loans" means Subordinated Indebtedness of the Company that, in accordance with its terms, is not required to be repaid (including, without limitation, with respect to any principal, premium, redemption amount or interest), and may not be declared due and payable by the lender, at any time prior to the Stated Maturity of the Notes, such that no cash payment is required to be made by the Company in respect of such Indebtedness (including, without limitation, in respect of interest) for so long as any Notes are outstanding.

"Subsidiary" means any Person a majority of the equity ownership of the Voting Stock of which is at the time owned, directly or indirectly, by the Company or by one or more Subsidiaries, or by the Company and one or more other Subsidiaries.

"Sugra" means Sugra Limited, a wholly owned subsidiary of the Company organized under the laws of the Province of Ontario.

"Support Agreement" means the support agreement between RMI and the Company dated March 10, 2003, as amended or supplemented from time to time in accordance with this Indenture.

"Temporary Cash Investments" means (i) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, the Trustee or a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than \$500,000,000, whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, (iii) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Restricted Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, and (iv) any money market deposit accounts issued or offered by the Trustee or a domestic commercial bank having capital and surplus in excess of \$500,000,000.

"Trading Day" means, with respect to a security, each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not generally traded on the exchange or market on which such security is traded.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

"Unrestricted Subsidiary" means (a) as of the date of this Indenture, Hollinger International and its Subsidiaries and Domgroup Ltd. (excluding NBI, Sugra and 10 Toronto Street Inc.) and (b) any Subsidiary that is designated by the Board of Directors as an Unrestricted Subsidiary after the date of this Indenture pursuant to a Board Resolution in accordance with Section 10.20 of this Indenture; *provided, however*, that a Person may not be designated as an Unrestricted Subsidiary unless (i) the creditors of such Person have no direct or indirect recourse (including, but not limited to, recourse with respect to the payment of principal or interest on Indebtedness of such Subsidiary) to the Company or a Restricted Subsidiary and (ii) a default by such Person on any of its Indebtedness will not result in, or permit any holder of Indebtedness of the Company or a Restricted Subsidiary to declare, a default on such Indebtedness of the Company or a Restricted Subsidiary or cause the payment thereof to be accelerated or payable prior to its Stated Maturity. Any subsidiary of an Unrestricted Subsidiary shall be an Unrestricted Subsidiary for purposes of this Indenture (other than, in the case of Domgroup Ltd., NBI, Sugra and 10 Toronto Street Inc.).

"Voting Stock" means stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"Wholly Owned Restricted Subsidiary" means a Restricted Subsidiary all the outstanding Capital Stock (other than directors' qualifying shares) of which is owned by the Company or another Wholly Owned Restricted Subsidiary.

SECTION 1.02. Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
"Act"	1.05
"Additional Amounts"	10.21(b)
"Agent Members"	3.04
"Authorized Agent"	1.17
"Allocated Proceeds"	10.13
"Cash Collateralized Note Amount"	14.04
"Cash Collateralized Notes"	14.04
"Change of Control Offer"	10.14
"Change of Control Purchase Date"	10.14
"Change of Control Purchase Notice"	10.14
"Change of Control Purchase Price"	10.14
"covenant defeasance"	4.03
"Defaulted Interest"	3.08
"defeasance"	4.02
"Defeasance Redemption Date"	4.04
"Defeased Notes"	4.01
"Deficiency"	10.13

"Event of Default"	5.01
"Excess Proceeds"	10.13
"Excluded Holder"	10.21(b)
"Excluded Taxes"	10.21(b)
"Foreign Private Issuer"	7.04(b)
"Issuance Proceeds"	10.13(f)
"Judgment Currency"	1.18
"Non-U.S. Person"	3.06
"Note Amount"	10.13
"Note Register"	3.03
"Note Registrar"	3.03
"Offer"	10.13
"Offered Price"	10.13
"Pari Passu Debt Amount"	10.13
"Pari Passu Offer"	10.13
"Permitted Payment"	10.09
"Private Placement Legend"	3.05
"Purchase Date"	10.13
"rate of exchange"	1.18
"refinancing"	10.09
"Regulation S Global Note"	2.01(e)
"Relevant Taxing Jurisdiction"	10.21(a)
"Required Filing Dates"	10.17
"Restricted Payments"	10.09
"RP Available Amount"	10.09
"Rule 144A Global Note"	2.01(d)
"Senior Representative"	12.03
"Special Payment Date"	3.08
"Surviving Entity"	8.01
"Taxes"	10.21(a)
"U.S. Government Obligations"	4.04

SECTION 1.03. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate to the effect that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel to the effect that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of any certificates and/or opinions is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement to the effect that each individual or firm signing such certificate or opinion has read and understands such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement to the effect that, in the opinion of each such individual or such firm, he has made such examination or investigation as is necessary to enable him or them to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual or such firm, such condition or covenant has been complied with.

SECTION 1.04. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any certificate or opinion of such an Officer or of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the Company with respect to such factual matters and which contains a statement to the effect that the information with respect to such factual matters is in the possession of the Company, unless such Officer or counsel knows that the certificate or opinion or representations with respect to such matters are erroneous. Opinions of Counsel required to be delivered to the Trustee may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including certificates certifying as to matters of fact, including that various financial covenants have been complied with.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.05. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken

by Holders of any Notes may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The ownership of Notes shall be proved by the Note Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other Act by the Holder of any Note shall bind every future Holder of the same Note or the Holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be done by the Trustee, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(d) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate of affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

SECTION 1.06. Notices, etc., to Trustee and the Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed, in writing, by first-class mail postage prepaid (return receipt requested) or delivered in person or by recognized overnight courier to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust, or at any other address furnished in writing prior thereto to the Holders and the Company by the Trustee; or

(b) the Company, RMI or NBI shall be sufficient for every purpose (except as provided in Section 5.01(c)) hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to the Company, addressed to it at: 10 Toronto Street, Toronto, Canada M5C 2B7, Attn: Chief Financial Officer, or at any other address previously furnished in writing to the Trustee by the Company, as the case may be.

SECTION 1.07. Notice to Holders; Waiver. Where this Indenture or the Notes provide for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at such Holder's address as it appears in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder whether or not actually received by such Holder. Where this Indenture or the Notes provide for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this Indenture, then any method of giving such notice as shall be reasonably satisfactory to the Trustee or the Company, as applicable, shall be deemed to be a sufficient giving of such notice.

SECTION 1.08. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with any provision of the Trust Indenture Act or another provision which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, the provision or requirement of the Trust Indenture Act shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, such provision of the Trust Indenture Act shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 1.09. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.10. Successors and Assigns. All covenants and agreements in this Indenture by the Company or any Note Guarantor shall bind its successors and assigns, whether so expressed or not.

SECTION 1.11. Separability Clause. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.12. Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person (other than the parties hereto and their successors hereunder, any Paying Agent and the Holders) any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.13. GOVERNING LAW. THIS INDENTURE, THE NOTES AND THE GUARANTEES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE

WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

SECTION 1.14. Legal Holidays. In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Note shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Notes) payment of interest or principal or premium, if any, need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at Maturity or the Stated Maturity, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date, Redemption Date, Maturity or Stated Maturity, as the case may be, to the next succeeding Business Day.

SECTION 1.15. Schedules and Exhibits. All schedules and exhibits attached hereto are by this reference made a part hereof with the same effect as if herein set forth in full.

SECTION 1.16. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 1.17. Jurisdiction and Service of Process. Any legal action or proceeding with respect to this Indenture or the Notes may be brought in the courts of the State of New York or the federal courts of the United States located in The City of New York, and each of the Company and the Note Guarantors consents to the jurisdiction of such courts. Each of the Company and the Note Guarantors irrevocably waives any objection, including any objection to the laying of venue or based on *forum non conveniens*, which it may have to the bringing of any action or proceeding in such jurisdiction with respect to this Indenture, the Notes, the Security Agreement or any other document related thereto. Notwithstanding the foregoing, (1) the Trustee and/or the Collateral Agent shall have the right to bring any action or proceeding against the Company, the Note Guarantors and their property in the courts of any other jurisdiction the Trustee and/or the Collateral Agent deem necessary or appropriate in order to enforce the obligations of the Company and the Note Guarantors or to realize upon the Senior Notes Collateral or other security for those obligations and (2) each of the Company and the Note Guarantors acknowledges that any appeals from the courts described in the preceding sentence may have to be heard by a court located outside those jurisdictions.

Each party agrees that any service of process or other legal summons in connection with any proceeding may be served on it by mailing a copy thereof by registered mail, or a form of mail substantially equivalent thereto, postage prepaid, addressed to the served party at its address as provided for in Section 1.06 hereof. Nothing in this Section shall affect the right of the parties to serve process in any other manner permitted by law. Each of the Company and the Note Guarantors has appointed Corporation Service Company as authorized agent in New York City (the "Authorized Agent," which term, as used herein, includes any successor in such capacity), the identity of which agent may be changed by the Company from time to time by a writing delivered to the Trustee, upon whom process may be served in any such action, suit or proceeding arising out of or relating to this Indenture or any of the transactions contemplated hereby which may be instituted in any federal or state court in the State of New York by the Trustee or by any person who controls the Trustee.

To the extent allowed by any applicable requirement of law, each of the Company and the Note Guarantors waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to such party at its address set forth in this Indenture and service so made shall be deemed to be completed five days after the same shall have been so posted in the United States (or Canada, as applicable), postage prepaid. Nothing contained in this Section 1.17 shall affect the right of the Trustee and/or the Collateral Agent to serve legal process by any other manner permitted by law.

SECTION 1.18. Judgment Currency. If for the purpose of obtaining judgment in any court or for the purpose of determining, pursuant to the obligations of the Company or any Note Guarantor, the amounts owing hereunder, it is necessary to convert an amount due hereunder in U.S. dollars into a currency other than U.S. dollars (the "Judgment Currency"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Trustee or Collateral Agent could purchase, in the New York foreign exchange market, U.S. dollars with the Judgment Currency on the date that is two Business Days preceding that on which judgment is given or any other payment is due hereunder. Each of the Company and the Note Guarantors agrees that its respective obligation in respect of any U.S. dollars due from it to the Holders hereunder shall, notwithstanding any judgment or payment in the Judgment Currency, be discharged only to the extent that, on the Business Day following the date the Trustee or Collateral Agent receives payment of any sum so adjudged or owing to be due hereunder in the Judgment Currency, the Trustee or Collateral Agent may, in accordance with normal banking procedures, purchase, in the New York foreign exchange market U.S. dollars with the amount of the Judgment Currency so paid; and if the amount of U.S. dollars so purchased, or which could have been so purchased, is less than the amount originally due in U.S. dollars, each of the Company and the Note Guarantors agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Trustee or Collateral Agent against such loss. The term "rate of exchange" in this Section 1.18 means the spot rate at which the Trustee or Collateral Agent, in accordance with normal banking practices is able on the relevant date to purchase U.S. dollars with the Judgment Currency and includes any premium and costs of exchange payable in connection with such purchase.

No provision of this Indenture, individually or collectively, shall have the effect of requiring the Company to pay interest (as such term is defined in section 347 of the Criminal Code of Canada) at a rate in excess of 60% per annum, taking into account all other amounts which must be taken into account for the purpose thereof and, to such extent, the Company's obligation to pay interest hereunder shall be so limited.

ARTICLE II

Form of Note

SECTION 2.01. Form Generally. (a) The Notes will be issued in registered form without coupons, and in denominations of \$1,000 and any integral multiple thereof.

(b) The terms and provisions of the Notes, the form of which is in Exhibit A hereto, shall constitute, and are hereby expressly made, a part of this Indenture, and, to the extent

applicable; the Company, the Note Guarantors and the Trustee, by their execution and delivery of this Indenture expressly agree to such terms and provisions and to be bound thereby. Except as otherwise expressly permitted in this Indenture, all Notes shall be identical in all respects. Notwithstanding any differences among them, all Notes issued under this Indenture shall vote and consent together on all matters as one class.

(c) The Notes may have notations, legends or endorsements as specified in Section 3.05 or as otherwise required by law, stock exchange rule or DTC rule or usage. The Company and the Trustee shall approve the form of the Notes and any notation, legend or endorsement on them. Each Note shall be dated the date of its authentication.

(d) Notes originally offered and sold to QIBs in reliance on Rule 144A will be issued in the form of one or more permanent Global Notes (each, a "Rule 144A Global Note").

(e) Notes originally offered and sold outside the United States of America will be issued in the form of one or more permanent Global Notes (each, a "Regulation S Global Note").

SECTION 2.02. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication shall be included on the form of the face of the Notes substantially in the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Notes referred to in the within-mentioned Indenture.

HSBC Bank USA, National Association, as
Trustee

By _____
Authorized Signatory

SECTION 2.03. Form of Guarantees. (a) The form of Guarantee of RMI shall be set forth on the Notes substantially as follows:

GUARANTEE OF RAVELSTON MANAGEMENT INC.

For value received, RAVELSTON MANAGEMENT INC., a corporation incorporated under the laws of the Province of Ontario, hereby absolutely, unconditionally and irrevocably guarantees to the Holder of this Note and the Trustee, as if Ravelston Management Inc. were the principal debtor, the punctual payment, on demand, of principal of, premium, if any, and interest on this Note in the amounts and at the time when due and interest on the overdue principal and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Notes, to the Holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note and Article Thirteen of the Indenture. This Guarantee will not become effective until the Trustee duly executes the certificate of authentication on this Note.

RAVELSTON MANAGEMENT INC.

Attest: _____

By _____
Authorized Signatory

(b) The form of Guarantee of NBI shall be set forth on the Notes substantially as follows:

GUARANTEE OF 504468 N.B. INC.

For value received, 504468 N.B. INC., a company organized under the laws of the Province of New Brunswick, hereby absolutely, unconditionally and irrevocably guarantees to the Holder of this Note and the Trustee, as if 504468 N.B. Inc. were the principal debtor, the punctual payment, on demand, of principal of, premium, if any, and interest on this Note in the amounts and at the time when due and interest on the overdue principal and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Notes, to the Holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note and Article Thirteen of the Indenture. This Guarantee will not become effective until the Trustee duly executes the certificate of authentication on this Note.

504468 N.B. INC.

Attest: _____

By _____
Authorized Signatory

ARTICLE III

The Notes

SECTION 3.01. Execution, Authentication, Delivery and Dating. (a) The Notes shall be executed on behalf of the Company by one of its Chairman of the Board, Vice-Chairman, President or one of its Vice Presidents attested by its Secretary, one of its Assistant Secretaries or a duly appointed attorney-in-fact. The signature of any of these officers on the Notes may be manual or facsimile.

(b) Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices on the date of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes; and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes as provided in this Indenture and not otherwise. The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture on the Issue Date is limited to \$15,000,000. The aggregate principal amount of Exchange Notes that may be authenticated and delivered under this Indenture is limited to an amount equal to the aggregate principal amounts

outstanding under both the Notes and the First Priority Notes as of the date the Exchange Notes are first issued.

(d) Each Note shall be dated the date of its authentication.

(e) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

(f) In case the Company, pursuant to Article VIII, shall be consolidated or merged with or into any other Person or shall sell, convey, assign, transfer, lease or otherwise dispose of substantially all of its properties and assets to any Person, and the successor Person resulting from such consolidation, or surviving such merger, or into which the Company shall have been merged or consolidated, or the successor Person which shall have received a conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article VIII, any of the Notes authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Notes executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon a Company Request of the successor Person, shall authenticate and deliver Notes as specified in such order for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section in exchange or substitution for or upon registration of transfer of any Notes, such successor Person, at the option of a Holder but without expense to such Holder, shall provide for the exchange of all Notes at the time Outstanding held by such Holder for Notes authenticated and delivered in such new name.

(g) The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Notes on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Note Registrar or Paying Agent to deal with the Company and its Affiliates.

SECTION 3.02. Temporary Notes. Pending the preparation of definitive Notes, the Company may execute, and upon a Company Order the Trustee shall authenticate and deliver, temporary Notes which are printed, lithographed, typewritten or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Notes may determine, as conclusively evidenced by their execution of such Notes.

If temporary Notes are issued, the Company will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes upon surrender of the temporary Notes at the office or agency of the Company designated for such purpose pursuant to Section 10.02 (or in accordance with Section 3.01, in the case of the initial Notes); without charge to the Holders thereof. Upon surrender for cancellation of any one or more temporary Notes, the Company shall execute and upon a Company Order the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes.

SECTION 3.03. Registration, Registration of Transfer and Exchange. The Company shall cause to be kept at the Corporate Trust Office of the Trustee, or such other office as the Trustee may designate, a register (the register maintained in such office and in any other office or agency designated pursuant to Section 10.02 being herein sometimes referred to as the "Note Register") in which, subject to such reasonable regulations as the Note Registrar may prescribe, the Company shall provide for the registration of Notes and of transfers and exchanges of Notes. The Trustee shall initially be the "Note Registrar" for the purpose of registering Notes and transfers and exchanges of Notes as herein provided. The Company may appoint one or more co-registrars, but there shall be only one Note Register.

Upon surrender for registration of transfer of any Note at the office or agency of the Company designated pursuant to Section 10.02, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations, of a like aggregate principal amount.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination or denominations, of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same Indebtedness, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer, or for exchange or redemption, shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company, the Trustee and the Note Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer, exchange or redemption of Notes, but the Company may require payment of a sum sufficient to pay any tax or other governmental charges that may be imposed in connection with any

registration of transfer, exchange or redemption of Notes (other than any such governmental charges payable upon exchange or transfer pursuant to a Registered Exchange Offer or pursuant to Section 3.01, 3.02, 3.07, 9.06, 10.14, 10.15 or 11.08 not involving any transfer).

The Company shall not be required (a) to issue, register the transfer of or exchange any Note during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of the Notes selected for redemption under Section 11.04 and ending at the close of business on the day of such mailing, or (b) to register the transfer of or exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of Notes being redeemed in part.

None of the Company, the Trustee, any agent of the Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 3.04. Global Note Provisions (a) Each Global Note initially shall: (i) be registered in the name of DTC or the nominee of DTC, (ii) be delivered to the Note Custodian, and (iii) bear the appropriate legend, as set forth in Section 3.05 and Exhibit A. Any Global Note may be represented by more than one certificate. The aggregate principal amount of each Global Note may from time to time be increased or decreased by adjustments made on the records of the Note Custodian, as provided in this Indenture.

(b) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC or by the Note Custodian under such Global Note, and DTC may be treated by the Company, the Trustee, the Paying Agent and the Note Registrar and any of their agents as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, the Paying Agent or the Note Registrar or any of their agents from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of an owner of a beneficial interest in any Global Note. The registered Holder of a Global Note may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action that a Holder is entitled to take under this Indenture or the Notes.

(c) Except as provided below, owners of beneficial interests in Global Notes will not be entitled to receive Certificated Notes. Certificated Notes shall be issued to all owners of beneficial interests in a Global Note in exchange for such interests if:

(i) DTC notifies the Company that it is unwilling or unable to continue as depository for such Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depository, and in each case a successor depository is not appointed by the Company within 90 days of such notice,

(ii) the Company executes and delivers to the Trustee and Note Registrar an Officers' Certificate stating that such Global Note shall be so exchangeable, or

(iii) an Event of Default has occurred and is continuing and the Note Registrar has received a request from DTC.

In connection with the exchange of an entire Global Note for Certificated Notes pursuant to this paragraph (c), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and upon Company Order the Trustee shall authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Certificated Notes of authorized denominations.

(d) In connection with the exchange of a portion of a Certificated Note for a beneficial interest in a Global Note, the Trustee shall cancel such Certificated Note, and the Company shall execute, and the Trustee shall authenticate and deliver to the exchanging Holder, a new Certificated Note representing the principal amount not so exchanged unless such principal amount is to be exchanged for a beneficial interest in a Global Note pursuant to Section 3.06(d).

SECTION 3.05. Legends. (a) Each Global Note shall bear the legend specified therefor in Exhibit A on the face thereof.

(b) Each Restricted Note shall bear the private placement legend specified therefor in Exhibit A on the face thereof ("Private Placement Legend").

SECTION 3.06. Special Transfer Provisions. (a) The following provisions shall apply with respect to any proposed transfer of an interest in a Rule 144A Global Note that is a Restricted Note: If (1) the owner of a beneficial interest in a Rule 144A Global Note wishes to transfer such interest (or portion thereof) to a non-U.S. person ("Non-U.S. Person") pursuant to Regulation S and (2) such Non-U.S. Person wishes to hold its interest in the Notes through a beneficial interest in the Regulation S Global Note,

(i) upon receipt by the Note Custodian and Note Registrar of:

(A) instructions from the Holder of the Rule 144A Global Note directing the Note Custodian and Note Registrar to credit or cause to be credited a beneficial interest in the Regulation S Global Note equal to the principal amount of the beneficial interest in the Rule 144A Global Note to be transferred, and

(B) a certificate in the form of Exhibit C from the transferor, and

(ii) subject to the rules and procedures of DTC, the Note Custodian and Note Registrar shall increase the Regulation S Global Note and decrease the Rule 144A Global Note by such amount in accordance with the foregoing.

(b) If the owner of an interest in a Regulation S Global Note wishes to transfer such interest (or any portion thereof) to a QIB pursuant to Rule 144A prior to the expiration of the Distribution Compliance Period therefor,

(i) upon receipt by the Note Custodian and Note Registrar of:

(A) instructions from the Holder of the Regulation S Global Note directing the Note Custodian and Note Registrar to credit or cause to be credited a beneficial interest in the Rule 144A Global Note equal to the principal amount of the beneficial interest in the Regulation S Global Note to be transferred, and

(B) a certificate in the form of Exhibit B duly executed by the transferor, and

(ii) in accordance with the rules and procedures of DTC, the Note Custodian and Note Registrar shall increase the Rule 144A Global Note and decrease the Regulation S Global Note by such amount in accordance with the foregoing.

(c) Other Transfers. Any transfer of Restricted Notes not described above (other than a transfer of a beneficial interest in a Global Note that does not involve an exchange of such interest for a Certificated Note or a beneficial interest in another Global Note, which must be effected in accordance with applicable law and the rules and procedures of DTC, but is not subject to any procedure required by this Indenture) shall be made only upon receipt by the Note Registrar of such opinions of counsel, certificates and/or other information reasonably required by and satisfactory to it in order to ensure compliance with the Securities Act or in accordance with Section 3.06(d).

(d) Use and Removal of Private Placement Legends. Upon the transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) not bearing (or not required to bear upon such transfer, exchange or replacement) a Private Placement Legend, the Note Custodian and Note Registrar shall exchange such Notes (or beneficial interests) for beneficial interests in a Global Note (or Certificated Notes if they have been issued pursuant to Section 3.04(c)) that does not bear a Private Placement Legend. Upon the transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) bearing a Private Placement Legend, the Note Custodian and Note Registrar shall deliver only Notes (or beneficial interests in a Global Note) that bear a Private Placement Legend unless:

(i) such Notes (or beneficial interests) are exchanged in a Registered Exchange Offer;

(ii) such Notes (or beneficial interests) are transferred pursuant to a Shelf Registration Statement;

(iii) such Notes (or beneficial interests) are transferred pursuant to Rule 144 under the Securities Act upon delivery to the Note Registrar of a certificate of the transferor in the form of Exhibit D and an Opinion of Counsel reasonably satisfactory to the Note Registrar;

(iv) such Notes (or beneficial interests) are transferred, replaced or exchanged after the Resale Restriction Termination Date therefor; or

(v) in connection with such transfer, exchange or replacement the Note Registrar shall have received an Opinion of Counsel and other evidence reasonably satisfactory to it and the Company to the effect that neither such Private Placement Legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

The Private Placement Legend on any Note shall be removed at the request of the Holder on or after the Resale Restriction Termination Date therefor. The Holder of a Global Note may exchange an interest therein for an equivalent interest in a Global Note not bearing a Private Placement Legend (other than a Regulation S Global Note) upon transfer of such interest pursuant to any of clauses (i) through (v) of this paragraph (d). The Company shall deliver to the Trustee an Officers' Certificate promptly upon effectiveness, withdrawal or suspension of any Registration Statement.

(e) Consolidation of Global Notes and Exchange of Certificated Notes for Beneficial Interests in Global Notes. If a Global Note not bearing a Private Placement Legend (other than a Regulation S Global Note) is Outstanding at the time of a Registered Exchange Offer, any interests in a Global Note exchanged in such Registered Exchange Offer shall be exchanged for interests in such Outstanding Global Note.

(f) Retention of Documents. The Note Registrar shall retain copies of all letters, notices and other written communications received pursuant to this Article III. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Note Registrar.

(g) Execution, Authentication of Notes, etc. Subject to the other provisions of this Section, when Notes are presented to the Note Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Note Registrar shall register the transfer or make the exchange as requested if its requirements for such transaction are met; *provided* that any Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Note Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing. To permit registrations of transfers and exchanges and subject to the other terms and conditions of this Article III, the Company will execute and upon Company Order, the Trustee will authenticate Certificated Notes and Global Notes at the Note Registrar's request. In accordance with the Registration Rights Agreement, upon the effectiveness of any Exchange Offer Registration Statement, the Company will execute and upon Company Order, the Trustee will authenticate Exchange Notes in exchange for Issue Date Notes.

(h) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of an interest in a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof; with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 3.07. Mutilated, Destroyed, Lost or Stolen Notes. If (a) any mutilated Note is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and there is delivered to the Company or the Trustee, such security and/or indemnity, in each case as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Note has been acquired by a bona fide purchaser, the Company shall execute and upon receipt of a Company Order the Trustee shall authenticate and deliver, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a replacement Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a replacement Note, pay such Note.

Upon the issuance of any replacement Notes under this Section, the Company may require the payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and its agents and counsel) connected therewith.

Every replacement Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and

shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 3.08. Payment of Interest; Interest Rights Preserved. Interest on any Note which is payable, and is punctually paid or duly provided for, on the Stated Maturity of such interest shall be paid to the Person in whose name that Note is registered at the close of business on the Regular Record Date for such interest payment.

Any interest on any Note which is payable, but is not paid or duly provided for on the Stated Maturity of such interest (or within 15 days after the Stated Maturity of such interest) and interest on such defaulted interest at the then applicable interest rate borne by the Notes, to the extent lawful (such defaulted interest and interest thereon herein collectively called "Defaulted Interest"), shall forthwith cease to be payable to the Holder in whose name such Note is registered as of the Regular Record Date; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Subsection (a) or (b) below:

(a) the Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner.

The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (the "Special Payment Date"), and at the same time the Company shall irrevocably deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the Special Payment Date, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Subsection provided. Such notice shall be received by the Trustee no less than 30 days prior to the Special Payment Date. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which Special Record Date shall be not more than 15 days and not less than 10 days prior to the Special Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company in writing of such Special Record Date. In the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Payment Date therefor to be mailed, certified or registered (return receipt requested) first-class postage prepaid, to each Holder at his address as it appears in the Note Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Notes are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection (b).

(b) the Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, unless, after written notice given by the Company to the Trustee of the proposed payment pursuant to this Subsection, such manner of payment shall not be deemed practicable by the Trustee (acting reasonably). The Trustee shall give prompt written notice to the Company of any such determination.

Subject to the foregoing provisions of this Section, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 3.09. Persons Deemed Owners. Prior to due presentment of a Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Note is registered on the Note Register as the owner of such Note for the purpose of receiving payment of principal of, premium, if any, and (subject to Section 3.08) interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 3.10. Cancellation. All Notes surrendered for payment, purchase, redemption, registration of transfer or exchange shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by it. The Company or any Restricted Subsidiary may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company or any such Restricted Subsidiary may have acquired in any manner whatsoever, and all Notes so delivered shall upon receipt of a Company Order be promptly canceled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled securities held by the Trustee shall, unless by a Company Order received by the Trustee prior to such destruction the Company shall direct that the canceled Notes be returned to it, be destroyed in accordance with its customary procedures and certification of their destruction delivered to the Company. The Trustee shall provide the Company a list of all Notes that have been canceled from time to time as requested by the Company.

SECTION 3.11. Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months. Whenever interest to be paid hereunder is to be calculated on the basis of a year of three hundred and sixty (360) days, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by three hundred and sixty (360). The foregoing is

disclosed herein solely for the purpose of providing the disclosure required under the *Interest Act* (Canada).

SECTION 3.12. Additional Interest Under Registration Rights Agreement

Under certain circumstances, the Company may be obligated to pay additional interest to Holders, all as and to the extent set forth in the Registration Rights Agreement applicable to the Notes. The terms thereof are hereby incorporated herein by reference and such additional interest is deemed to be interest for purposes of this Indenture.

ARTICLE IV

Defeasance and Covenant Defeasance

SECTION 4.01. Company's Option to Effect Defeasance or Covenant Defeasance. The Company may, at its option by Board Resolution, at any time, with respect to any Notes, elect to have either Section 4.02 or Section 4.03 be applied to all of the Outstanding Notes (the "Defeased Notes"), this Indenture and the Security Agreement, upon compliance with the conditions set forth below in this Article IV.

SECTION 4.02. Defeasance and Discharge. Upon the Company's exercise under Section 4.01 of the option applicable to this Section, the Company shall be deemed to have been discharged from its obligations with respect to the Defeased Notes on the date the conditions set forth below are satisfied (hereinafter, "defeasance") and each Note Guarantor shall be deemed to be discharged from its obligations with respect to its Guarantee relating to the Defeased Notes. For this purpose, such defeasance means that the Company and any Note Guarantor shall be deemed to have paid and discharged the entire indebtedness represented by the Defeased Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 4.05 and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all its other obligations under such Notes and this Indenture insofar as such Notes are concerned (and the Trustee, at the expense of the Company and upon written request, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Defeased Notes to receive, solely from the trust fund described in Section 4.04 and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due; (b) the Company's obligations with respect to such Defeased Notes under Sections 3.02, 3.03, 3.07, 10.02 and 10.03, (c) the rights, powers, trusts, duties, indemnities and immunities of the Trustee hereunder, and (d) this Article IV. Subject to compliance with this Article IV, the Company may exercise its option under this Section notwithstanding the prior exercise of its option under Section 4.03 with respect to the Notes.

SECTION 4.03. Covenant Defeasance. Upon the Company's exercise under Section 4.01 of the option applicable to this Section, the Company shall be released from its obligations under any covenant or provision contained in Sections 10.05 through 10.18, inclusive, with respect to the Defeased Notes on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"), and the Defeased Notes shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration

or Act of Holders (and the consequences of any thereof) in connection with such covenants and provisions, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to the Defeased Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or Article, whether directly or indirectly, by reason of any reference elsewhere herein or in such Defeased Notes to any such Section or Article or by reason of any reference in any such Section or Article to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.01(c), (d) or (f) but, except as specified above, the remainder of this Indenture and such Defeased Notes shall be unaffected thereby.

SECTION 4.04. Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to application of either Section 4.02 or Section 4.03 to the Defeased Notes:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of Notes, (a) United States dollars, (b) U.S. Government Obligations (which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, sufficient money), or (c) a combination thereof, in such amounts as will be sufficient, as reflected in the written report of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm delivered to the Trustee, to pay and discharge (and which shall be applied by the Trustee to pay and discharge) the principal of, premium, if any, and interest on, the Defeased Notes on (x) the Stated Maturity thereof or (y) any date selected by the Company on which the Defeased Notes may be redeemed in whole at the option of the Company (such date being referred to as the "Defeasance Redemption Date"), if (in the case of clause (y)) when electing either defeasance or covenant defeasance, the Company has delivered to the Trustee an irrevocable notice to redeem all of the outstanding Notes on the Defeasance Redemption Date; *provided* that the Trustee (or such qualifying trustee) shall have been irrevocably instructed to apply such United States dollars or the proceeds of such U.S. Government obligations to said payments with respect to the Notes. For this purpose, "U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation

or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(2) In the case of an election under Section 4.02, the Company shall have delivered to the Trustee an opinion of Independent Counsel in the United States to the effect that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since March 10, 2003, there has been a change in the applicable Federal income tax law, in either case to the effect that the Holders of the Outstanding Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(3) In the case of an election under Section 4.03, the Company shall have delivered to the Trustee an opinion of Independent Counsel in the United States to the effect that the Holders of the Outstanding Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(4) In the case of an election under Section 4.02 and Section 4.03, the Company shall have delivered to the Trustee an opinion of Canadian counsel stating that the Company has received from, or there has been published by, the Canada Customs and Revenue Agency a ruling, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal, provincial or territorial income tax or other tax purposes as a result of such deposit and defeasance and will be subject to Canadian federal, provincial or territorial income tax or other tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and for the purposes of such opinion, such Canadian counsel shall assume that Holders include Holders who are not resident in Canada).

(5) No Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Sections 5.01(g) and 5.01(h) are concerned, at any time during the period ending on the 121st day after the date of deposit.

(6) Any election under Section 4.02 or Section 4.03 shall not cause the Trustee to have a conflicting interest with respect to any securities of the Company.

(7) Any election under Section 4.02 or Section 4.03 shall not result in a breach or violation of, or constitute a Default under, this Indenture or a breach or violation of any provision of any agreement relating to any Indebtedness.

(8) The Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States to the effect that after the 121st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

(9) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over the other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company.

(10) No event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Notes on the date of such deposit or at any time ending on the 121st day after the date of such deposit.

(11) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Independent Counsel, each to the effect that all conditions precedent provided for relating to either the defeasance under Section 4.02 or the covenant defeasance under Section 4.03 (as the case may be) have been complied with as contemplated by this Section.

Opinions of Counsel required to be delivered under this Section may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, which certificates shall be limited to matters of fact, including that various financial covenants have been complied with.

SECTION 4.05. Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions. Subject to the provisions of the last paragraph of Section 10.03, all United States dollars and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to Section 4.04 in respect of the Defeased Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall fully pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 4.04 or the principal and interest received in respect thereof, other than any such tax, fee or other charge which by law is for the account of the Holders of the Defeased Notes.

Anything in this Article IV to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon a Company Request any United States dollars or U.S. Government Obligations held by it as provided in Section 4.04 which, in the opinion of a nationally recognized firm of independent public accountants or nationally recognized investment banking firm expressed in a written report delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect defeasance or covenant defeasance. In the event of an error in any calculation resulting in a withdrawal hereunder, the Company shall deposit an amount equal to the amount erroneously withdrawn as promptly as practicable after becoming aware of such error.

SECTION 4.06. Reinstatement. If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 4.02 or 4.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 4.02 or 4.03, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such United States dollars or U.S. Government Obligations in accordance with Section 4.02 or 4.03, as the case may be; *provided, however*, that (a) if the Company makes any payment to the Trustee or Paying Agent of principal, premium, if any, or interest on any Note following the reinstatement of its obligations, the Trustee or Paying Agent shall promptly pay any such amount to the Holders of the Notes and the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the United States dollars and U.S. Government Obligations held by the Trustee or Paying Agent and (b) the Trustee or Paying Agent shall return all such United States dollars and U.S. Government Obligations to the Company promptly after receiving a Company Request therefor at any time, if the Trustee or Paying Agent receives written notice from the Company that such reinstatement of the Company's obligations has occurred and continues to be in effect at such time.

ARTICLE V

Remedies

SECTION 5.01. Events of Default. "Event of Default", wherever used herein, means with respect to any Notes any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) there shall be a default in the payment of any interest on any Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment of the principal of (or premium, if any, on) any Note when and as the same shall become due and payable at its Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise);

(c) (i) there shall be a default in the performance, or breach, of any covenant or agreement of the Company under this Indenture (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in Section 5.01(a) or (b), in clauses (ii) or (iii) of this Section 5.01(c) or Section 5.17 (other than, solely with respect to Section 5.17, a default in making any payment required thereby)), and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Notes; (ii) there shall be a default in the performance or breach of the provisions of Article VIII; or (iii) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of Section 10.14;

(d) (i) one or more defaults shall have occurred under any agreements, indentures or instruments under which the Company, a Note Guarantor or any Restricted Subsidiary of the Company then has outstanding indebtedness in excess of \$2,500,000 in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated or (ii) one or more defaults shall have occurred under any agreements, indentures or instruments under which Hollinger International or any of its Subsidiaries then has outstanding Indebtedness in excess of \$7,500,000 in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated;

(e) any Guarantee relating to the Notes shall for any reason cease to be, or be asserted in writing by any Note Guarantor or the Company not to be, in full force and effect, enforceable in accordance with its terms, except to the extent contemplated by this Indenture and any such Guarantee;

(f) one or more final judgments, orders or decrees (including execution, writ of seizure and sale, sequestration, levy, assessment, injunction or attachment or other process of court) for the payment of money shall be entered against (A) the Company, a Note Guarantor or any Restricted Subsidiary or any of their respective properties, either individually or in the aggregate, in an amount exceeding \$2,500,000, or (B) Hollinger International or any of its Subsidiaries or any of their respective properties, either individually or in the aggregate, in an amount exceeding \$7,500,000 and, in each case, shall not be discharged and either (i) enforcement proceedings shall have been commenced upon such judgment, order or decree or (ii) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(g) there shall have been the entry by a court of competent jurisdiction of (i) a decree or order for relief in respect of the Company, any Note Guarantor or any Material Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (ii) a decree or order adjudging the Company, any Note Guarantor or any Material Restricted Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, any Note Guarantor or any Material Restricted Subsidiary under any applicable Federal, provincial or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, administrator, monitor or similar official of the Company, any Note Guarantor or any Material Restricted Subsidiary or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days;

(h) (i) the Company, any Note Guarantor or any Material Restricted Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (ii) the Company, any Note Guarantor or any Material Restricted Subsidiary consents to the entry of a decree or order for relief in respect of the Company, any Note Guarantor or such Material Restricted Subsidiary in an involuntary case or proceeding under any applicable

Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (iii) the Company, any Note Guarantor or any Material Restricted Subsidiary files a petition, proposal, notice of intention to file a proposal or answer or consent seeking reorganization or relief which seeks to stay or has the effect of staying any creditor under any applicable Federal, provincial or state law, (iv) the Company, any Note Guarantor or any Material Restricted Subsidiary (x) consents to the filing of such petition, proposal, notice of intention to file a proposal or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator, administrator, monitor or similar official of the Company; any Note Guarantor or such Material Restricted Subsidiary or of any substantial part of its property, (y) makes an assignment for the benefit of creditors or (z) admits in writing its inability to pay its debts generally as they become due or (v) the Company, any Note Guarantor or any Material Restricted Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (h);

(i) the Trustee, Collateral Agent and the Holders cease to have a perfected security interest which has at least second priority in any of the Senior Notes Collateral in accordance with the terms of the Security Agreement;

(j) the Pledged Agreement shall for any reason cease to be, or be asserted in writing by any party thereto or the Company not to be, in full force and effect, or the Pledged Agreement is terminated, suspended or repudiated by any party thereto, except to the extent contemplated by this Indenture and the Pledged Agreement; or

(k) in any quarterly period after January 1, 2006, the Company fails to receive in cash a minimum aggregate amount of at least \$3.055 million from (i) payments made by RMI during such quarter pursuant to the terms of the Support Agreement, (ii) any management fees paid by Hollinger International and its Subsidiaries directly to the Company or its Wholly Owned Restricted Subsidiaries during such quarter, and (iii) the Net Dividend Amount, calculated on a quarterly basis, paid by Hollinger International on its Capital Stock held by the Company and its Wholly Owned Restricted Subsidiaries during such quarter (provided that with respect to any period that is less than a fiscal quarter, the minimum aggregate amount of \$3.055 million shall be reduced pro rata by reference to the number of days in such period, calculated on the basis of a 360-day year of twelve 30-day months).

SECTION 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default specified in Sections 5.01(g) and (h) with respect to the Company) occurs and is continuing with respect to the Notes, subject to the First Priority Intercreditor Agreement, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes may, and the Trustee upon the request of the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes shall, declare the principal amount of all the Notes to be due and payable immediately in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes shall have become due and payable, by a notice in writing to the Company (and to the Trustee, if given by Holders) and, if a Credit Facility is in effect, to the relevant Agent under the Credit Facility in accordance with the terms of the Intercreditor Agreement, and upon any such

declaration such amount shall become immediately due and payable. If an Event of Default specified in Sections 5.01(g) or (h) occurs with respect to the Company and is continuing, then all the Notes shall ipso facto become and be immediately due and payable, in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Trustee or any Holder.

At any time after such declaration or acceleration has been made with respect to the Notes, and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided hereinafter in this Article, the Holders of at least a majority in aggregate principal amount of the Outstanding Notes, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

- (a) the Company has paid or irrevocably deposited with the Trustee a sum sufficient to pay
 - (i) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;
 - (ii) all overdue interest on all Notes;
 - (iii) the principal and the premium, if any, on any Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates presented therefor by the terms of the Notes, to the extent that payment of such interest is lawful; and
 - (iv) interest upon overdue interest at the rate or rates presented therefor by the terms of the Notes, to the extent that payment of such interest is lawful; and
- (b) all Events of Default with respect to the Notes, other than the nonpayment of principal of the Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent Default or impair any right consequent thereon.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if

- (a) default is made in the payment of any interest on any Note when such interest becomes due and payable and such default continues for a period of 30 days, or
- (b) default is made in the payment of the principal of (or premium, if any, on) any Note at the Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise) thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes the whole amount then due and payable on such Notes for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate or rates as may be presented therefor by the terms of any such Note.

Subject to the terms and conditions of the First Priority Intercreditor Agreement, if the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Notes, wherever situated.

Subject to the terms and conditions of the First Priority Intercreditor Agreement, if an Event of Default with respect to any Notes occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Notes under this Indenture by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy.

The rights and remedies under this Section are in addition to the other rights and remedies under this Article V or Article XIII.

SECTION 5.04. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Company or the property of the Company, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, and premium, if any, and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses,

disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, composition or other similar arrangement affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.05. Trustee May Enforce Claims Without Possession of Notes. All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes in respect of which such judgment has been recovered.

SECTION 5.06. Application of Money Collected. Any money collected by the Trustee with respect to the Notes pursuant to this Article or otherwise on behalf of the Holders or the Trustee pursuant to this Article or through any proceeding or any arrangement or restructuring in anticipation or in lieu of any proceeding contemplated by this Article shall be applied, subject to applicable law, in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 6.07;

SECOND: To the payment in full of the amounts then due and unpaid upon the Notes for principal, premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Notes for principal, premium, if any, and interest; and

THIRD: The balance, if any, to the Person or Persons entitled thereto as a court of competent jurisdiction shall direct, or to the Company; *provided* that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

SECTION 5.07. Limitation on Suits. No Holder of any Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to Notes;

(b) the Holders of not less than 25% in principal amount of the Outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered, and if requested have provided, to the Trustee an indemnity satisfactory to the Trustee in its sole discretion against the costs, expenses and liabilities that may be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer (and if requested, provision) of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Notes;

it being understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of such Notes, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner provided in this Indenture and for the equal and ratable benefit of all the Holders of all Notes.

SECTION 5.08. Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right on the terms stated herein, which is absolute and unconditional, to receive payment of the principal of, premium, if any, and (subject to Section 3.08) interest on such Note on the respective Stated Maturities expressed in such Note (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 5.09. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, (a) the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder, and (b) thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 5.10. Rights and Remedies Cumulative. Except as provided in Section 3.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 5.12. Control by Holders. The Holders of not less than a majority in aggregate principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; *provided that:*

(a) such direction shall not be in conflict with any rule of law or with this Indenture (including, without limitation, Section 5.07), expose the Trustee to personal liability or be unduly prejudicial to Holders not joining therein; and

(b) subject to the provisions of Section 315 of the Trust Indenture Act, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 5.13. Waiver of Past Defaults. The Holders of not less than a majority in aggregate principal amount of the Outstanding Notes may on behalf of the Holders of all the Notes waive any past Default hereunder and its consequences, except a Default

(a) in the payment of the principal of, premium, if any, or interest on any Notes, or

(b) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Note affected by such modification or amendment.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 5.14. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Notes to which the suit relates, or to any suit instituted by any Holder for the enforcement of the payment of the principal of, premium, if any, or interest on any Note on or after the respective

Stated Maturities expressed in such Note (or, in the case of redemption, on or after the Redemption Date).

SECTION 5.15. Waiver of Stay, Extension or Usury Laws. The Company (to the extent that it may lawfully do so) covenants that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other similar law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the principal of, premium, if any, or interest on the Notes contemplated herein or in the Notes or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.16. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Indenture are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 5.17. Failure to File Reports. If there shall be a default in the performance of the Company's obligations pursuant to Section 10.17(b), then the Company shall pay to the Holders an amount equal to 0.50% of the principal amount of the Notes Outstanding as of December 31, 2005. Any such payment shall be made by the Company no later than January 9, 2006.

ARTICLE VI

The Trustee

SECTION 6.01. Duties of Trustee. (a) If a Default or an Event of Default with respect to any Notes actually known to the Trustee has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be charged with knowledge of any Default or Event of Default with respect to any Notes, Asset Sale or Change of Control unless written notice thereof shall have been delivered to a Responsible Officer by the Company or any other Person.

(b) Except during the continuance of an Event of Default with respect to any Notes actually known to the Trustee:

(1) the Trustee need perform only those duties as are specifically set forth in this Indenture and no covenants or obligations shall be implied in this Indenture that are adverse to the Trustee; and

(2) in the absence of bad faith or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction of the Holders of a majority in principal amount of Outstanding Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power confirmed upon the Trustee under this Indenture.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any loss, expense, fees or financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or loss, expense, fees or financial liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (d) of this Section.

(f) The Trustee shall not be liable for interest on any money or assets received by it except as the Trustee may agree with the Company. Assets held in trust by the Trustee need not be segregated from other assets except to the extent required by law.

SECTION 6.02. Notice of Defaults. Within 30 days after a Responsible Officer of the Trustee receives notice of the occurrence of any Default with respect to any Notes, the Trustee shall, at the Company's expense, transmit by mail to all Holders of such Notes or any other Persons entitled to receive reports pursuant to Trust Indenture Act Section 313(c), as their names and addresses appear in the Note Register, notice of such Default, unless such Default shall have been cured or waived; *provided, however*, that, except in the case of a Default in the payment of the principal of, premium, if any, or interest on any Note, the Trustee shall be protected in withholding such notice if and so long as a Responsible Officer of the Trustee in

good faith determines that the withholding of such notice is in the interest of the Holders of such Notes.

SECTION 6.03. Certain Rights of Trustee. Subject to the provisions of Trust Indenture Act Sections 315(a) through 315(d):

(a) the Trustee may rely conclusively and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) wherever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to the taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) in the absence of bad faith on its part, may rely conclusively, upon an Officers' Certificate and/or an Opinion of Counsel;

(d) the Trustee may consult with counsel and any advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon in accordance with such advice or Opinion of Counsel;

(e) notwithstanding any other provisions contained in this Indenture, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee in its sole discretion against the costs, expenses and liabilities which might be incurred therein or thereby in compliance with such request or direction;

(f) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture other than any liabilities arising out of the negligence or wilful misconduct of the Trustee;

(g) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, appraisal, bond, debenture, note, coupon, security or other paper or document; but the Trustee in its discretion may make such further inquiry or investigation in accordance with any of the provisions of this Indenture into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine such relevant books, records and premises of the Company as may be reasonable, personally or by agent or attorney;

(h) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(i) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights and powers.

SECTION 6.04. Trustee Not Responsible for Recitals, Dispositions of Notes or Application of Proceeds Thereof. The recitals contained herein and in the Notes, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Notes, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Notes and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Company are true and accurate subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of Notes or the proceeds thereof.

SECTION 6.05. Trustee and Agents May Hold Notes; Collections; etc. The Trustee, any Paying Agent, Note Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Notes, with the same rights it would have if it were not the Trustee, Paying Agent, Note Registrar or such other agent and, subject to Trust Indenture Act Sections 310 and 311, may otherwise deal with the Company and receive, collect, hold and retain collections from the Company with the same rights it would have if it were not the Trustee, Paying Agent, Note Registrar or such other agent.

SECTION 6.06. Money Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Except for funds or securities deposited with the Trustee pursuant to Article IV, the Trustee shall only be required to invest moneys received by the Trustee, until used or applied as herein provided, in Temporary Cash Investments in accordance with the directions of the Company.

SECTION 6.07. Compensation and Indemnification of Trustee and Its Prior Claim. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which, to the extent lawful, shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Company covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other Persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, bad faith or willful misconduct. When the Trustee incurs expenses or renders services in connection with an

Event of Default specified in Section 5.01(g) or Section 5.01(h), the expenses (including the reasonable compensation and the expenses and disbursements of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law. The Company also covenants to indemnify the Trustee and each predecessor Trustee, and their respective officers, agents and employees for, and to hold them harmless against, any claim, loss, liability, tax, assessment or other governmental charge (other than taxes applicable to the Trustee's compensation hereunder) or expense incurred without negligence, bad faith or wilful misconduct on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including enforcement of this Section and also including any liability which the Trustee may incur as a result of failure to withhold, pay or report any tax, assessment or other governmental charge, and the costs and expenses of defending itself against or investigating any claim of liability in the premises. The obligations of the Company under this Section to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for expenses, disbursements and advances shall constitute an additional obligation hereunder and shall survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee and each predecessor Trustee. As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of Holders of particular Notes.

SECTION 6.08. Conflicting Interests. The Trustee shall comply with the provisions of Section 310(b) of the Trust Indenture Act. Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the second to last paragraph of Section 310(b) of the Trust Indenture Act.

SECTION 6.09. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under the Trust Indenture Act Section 310(a)(1) and which shall have a combined capital and surplus of at least \$100,000,000, and have a Corporate Trust Office in The City of New York to the extent there is such an institution eligible and willing to serve. If the Trustee does not have an office in The City of New York, the Trustee shall appoint an agent in The City of New York reasonably acceptable to the Company to conduct any activities which the Trustee is required under this Indenture to conduct in The City of New York. The Trustee may not rescind any such agency without the consent of the Company, which consent may not be unreasonably withheld, unless the Trustee appoints a satisfactory replacement or has a Corporate Trust Office in The City of New York. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of Federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.10. Resignation and Removal; Appointment of Successor Trustee.
(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant

to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 6.11.

(b) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to any Notes by giving written notice thereof to the Company. Upon receiving such notice of resignation, the Company shall use its best efforts to promptly appoint a successor Trustee by Board Resolution or written instrument executed by authority of the Board of Directors, a copy of which shall be delivered to the resigning Trustee and a copy to the successor Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, or any Holder who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

(c) The Trustee may be removed with respect to any Notes at any time by an Act of the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of Trust Indenture Act Section 310(b) with respect to any Notes after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Note for at least six months, or

(2) the Trustee shall cease to be eligible under Section 6.09 with respect to any Notes and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting with respect to any Notes or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (i) the Company by a Board Resolution may remove the Trustee, with respect to any Notes or in the case of bankruptcy or insolvency or receivership pursuant to clause (3) above, with respect to all Notes, or (ii) subject to Section 5.14, any Holder of any Note who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee with respect to the Notes, or in the case of bankruptcy or insolvency or receivership pursuant to clause (3) above, with respect to all Notes. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting with respect to any Notes, or if a vacancy shall occur in the office of Trustee with respect to any Notes for any cause, the Company, by a Board Resolution or written instrument executed by authority of the Board of Directors, shall use its best efforts to promptly appoint a successor Trustee for

such Notes and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, the Company or a court of competent jurisdiction has not appointed a successor Trustee, a successor Trustee with respect to such Notes shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes delivered to the Company and the retiring Trustee, and the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee with respect to such Notes and supersede the successor Trustee appointed by the Company with respect to such Notes. If no successor Trustee shall have been so appointed by the Company or the Holders of such Notes and accepted appointment in the manner hereinafter provided, any Holder of a Note who has been a bona fide Holder of a Note for at least six months may, subject to Section 5.14, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to such Notes.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to any Notes and each appointment of a successor Trustee with respect to any Notes by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Notes as their names and addresses appear in the Note Register. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office or agent hereunder.

SECTION 6.11. Acceptance of Appointment by Successor. In case of the appointment hereunder of a successor Trustee with respect to the Notes, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee under this Indenture with respect to any such Notes; but, nevertheless, on the written request of the Company or the successor Trustee, upon payment of its charges then unpaid, such retiring Trustee shall pay over to the successor Trustee all moneys at the time held by it hereunder with respect to any such Notes and shall execute and deliver an instrument transferring to such successor Trustee all such rights, powers, duties and obligations.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such Trustee or such successor Trustee to secure any amounts then due such Trustee pursuant to the provisions of Section 6.07.

No successor Trustee with respect to the Notes shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall be eligible to act as Trustee under the provisions of Trust Indenture Act Section 310(a) and this Article VI and shall have a combined capital and surplus of at least \$100,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 6.09 in The City of New York.

Upon acceptance of appointment by any successor Trustee as provided in this Section, the Company shall give notice thereof to the Holders of the Notes, by mailing such notice to such Holders at their addresses as they shall appear on the Note Register. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 6.10. If the Company fails to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Company.

SECTION 6.12. Merger, Conversion, Consolidation or Succession to Business:

Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto; *provided* such Person shall be eligible under Trust Indenture Act Section 310(a) and this Article VI and shall have a combined capital and surplus of at least \$100,000,000.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Notes so authenticated; and, in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, amalgamation, conversion or consolidation.

SECTION 6.13. Preferential Collection of Claims Against the Company. If and when the Trustee shall be or become a creditor of the Company, the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company.

ARTICLE VII

Holders' Lists and Reports by Trustee and the Company

SECTION 7.01. Company to Furnish Trustee Names and Addresses of Holders. The Company will furnish or cause to be furnished to the Trustee:

(a) semiannually, not more than 10 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Notes as of such Regular Record Date; and

(b) at such other times as the Trustee may reasonably request in writing, within 30 days after receipt by the Company of any such request, a list of similar form and content

to that in subsection (a) hereof as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that if and so long as the Trustee shall be the Note Registrar for Notes, no such list need be furnished with respect to such Notes.

SECTION 7.02. Disclosure of Names and Addresses of Holders. Every Holder of Notes, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders in accordance with Trust Indenture Act Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable or liable by reason of mailing any material pursuant to a request made under Trust Indenture Act Section 312.

SECTION 7.03. Reports by Trustee. (a) Within 60 days after May 15 of each year commencing with the first May 15 after the issuance of Notes, the Trustee shall transmit by mail, at the Company's expense, to all Holders, as their names and addresses appear in the Note Register, as provided in Trust Indenture Act Section 313(c), a brief report dated as of such May 15 in accordance with and with respect to the matters required by Trust Indenture Act Section 313(a).

(b) The Trustee shall promptly transmit to the Company a copy of any report it transmits to Holders of such Notes pursuant to this Section.

SECTION 7.04. Reports by the Company. (a) The Company shall do the following:

(i) from and after January 1, 2006, file with the Trustee, in accordance with Section 10.17 hereof, and in any event within 30 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company is required to file with the Commission separately or together with the Note Guarantors pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall (A) deliver to the Trustee annual audited financial statements of the Company and its Restricted Subsidiaries, prepared on a Consolidated basis in conformity with GAAP, within 120 days after the end of each fiscal year of the Company, and (B) file with the Trustee and the Commission, in accordance with, and so long as not prohibited by, the rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(ii) file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information,

documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as is required from time to time by such rules and regulations (including such rules and regulations, if any, referred to in Trust Indenture Act Section 314(a)); and

(iii) transmit by mail to all Holders or any other persons entitled to receive a report pursuant to Trust Indenture Act Section 313(c), within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in Trust Indenture Act Section 313(c), such summaries of any information, documents and reports required to be filed by the Company pursuant to Section 10.17 hereunder and subsections (i) and (ii) of this Section as are required and not prohibited by rules and regulations prescribed from time to time by the Commission.

(b) For so long as the Company qualifies as a foreign private issuer (as defined in Rule 3b-4 under the Exchange Act) (a "Foreign Private Issuer"), the Company may comply with the filing requirements of Section 7.04(a)(i) at the times, and in the manner, required of Foreign Private Issuers under the Exchange Act.

ARTICLE VIII

Consolidation, Merger, Sale of Assets

SECTION 8.01. Company May Merge, Consolidate, etc., Only on Certain Terms

(a) The Company shall not, in a single transaction or a series of related transactions, consolidate with, amalgamate or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Affiliated Persons, or permit any of its Restricted Subsidiaries to enter into any such transaction or transactions (other than, in the case of a Restricted Subsidiary, such a consolidation, amalgamation, merger or transfer with or to one or more Restricted Subsidiaries) if such transaction or transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Affiliated Persons, unless at the time and after giving effect thereto:

(i) either (a) the Company shall be the continuing corporation or (b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or amalgamated or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis (the "Surviving Entity") shall be a corporation duly organized and validly existing under the laws of Canada or any province thereof or of the United States of America, any state thereof or the District of Columbia and shall expressly assume, by a supplemental Indenture hereto (and to the extent necessary, a supplemental Security Agreement), executed and delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, all the obligations of the Company under the Notes and this Indenture and the Security Agreement, and this Indenture and the Security Agreement (and the

Trustee's security interest in the Senior Notes Collateral) will remain in full force and effect;

(ii) immediately before and immediately after giving effect to such transaction on a pro forma basis, no Default or Event of Default shall have occurred and be continuing;

(iii) immediately after giving effect to the transaction on a pro forma basis, the Consolidated Net Worth of the Surviving Entity is not less than the Consolidated Net Worth of the Company and the Restricted Subsidiaries immediately prior to the transaction;

(iv) if any of the property or assets of the Company or any of its Restricted Subsidiaries would thereupon become subject to any Lien, the provisions of Section 10.11 are complied with; and

(v) the Company or the Surviving Entity shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger, amalgamation, transfer, sale, assignment, lease or other transaction and the supplemental Indenture in respect thereof comply with the provisions described in this Section 8.01(a) and that all conditions precedent herein provided for in this Section 8.01(a) relating to such transaction have been complied with.

(b) None of the Note Guarantors will, in a single transaction or series of related transactions, consolidate with or merge or amalgamate with or into any other Person (other than the Company, in which case the requirements of the foregoing paragraph would apply), or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets on a Consolidated basis to any Person (other than the Company) if such transaction or transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of any such Note Guarantor to any other Person or group of Affiliated Persons, unless at the time and after giving effect thereto:

(i) either (a) such Note Guarantor shall be the continuing corporation or (b) the Person (if other than such Note Guarantor) formed by such consolidation or into which any such Note Guarantor is merged or amalgamated or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of such Note Guarantor shall be a corporation duly organized and validly existing under the laws of Canada or any province thereof or the United States of America, any state thereof or the District of Columbia and shall (except where the Note Guarantor is the continuing corporation) expressly assume, by a supplemental Indenture hereto (and, to the extent necessary, a supplemental Security Agreement and supplemental Support Agreement), executed and delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, all the obligations of such Note Guarantor under the Notes, this Indenture, the Security Agreement and the Support Agreement (as applicable), and this Indenture, the Security Agreement (and the Trustee's

security interest in the Senior Notes Collateral) and Support Agreement (as applicable) shall remain in full force and effect;

(ii) immediately before and immediately after giving effect to such transaction on a pro forma basis, no Default or Event of Default shall have occurred and be continuing; and

(iii) such Note Guarantor shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, amalgamation, sale, assignment, conveyance, transfer, lease or other transaction and the supplemental Indenture in respect thereof (and, to the extent necessary, such supplemental Security Agreement and supplemental Support Agreement) comply with the provisions described in this Section 8.01(b), and that all conditions precedent herein provided for in this Section 8.01(b) relating to such transactions have been complied with.

(c) Notwithstanding anything in this Article Eight to the contrary, any Guarantee by a Restricted Subsidiary of the Notes may be released in accordance with the provisions of Section 10.12(b).

SECTION 8.02: Successor Substituted. Upon any consolidation, amalgamation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets on a Consolidated basis of the Company or any Note Guarantor in accordance with Section 8.01 with respect to which the Company or any Note Guarantor is not the continuing corporation, the successor Person formed by such consolidation or into which the Company or such Note Guarantor is merged or the successor Person to which such sale, assignment, conveyance, transfer, lease or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Note Guarantor, as the case may be, under this Indenture, with the same effect as if such successor had been named as the Company or a Note Guarantor, as the case may be, herein. When a successor assumes all the obligations and covenants of its predecessor under this Indenture or the Notes, the predecessor shall be released from those obligations and covenants; *provided that*, in the case of a transfer by lease, the predecessor shall not be released from the payment of principal and interest on the Notes or, in the case of a Note Guarantor, its Guarantee.

Any successor to the Company described in the foregoing paragraph may cause to be signed, and may issue either in its own name or in the name of the Company, any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor, instead of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Notes which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Notes which such successor thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution of this Indenture.

ARTICLE IX

Supplemental Indentures

SECTION 9.01. Supplemental Indentures and Agreements Without Consent of Holders. Without the consent of any Holders of the Notes, the Company, each Note Guarantor and the Trustee, at any time and from time to time, may enter into one or more Indentures supplemental hereto, in form and substance reasonably satisfactory to the Trustee, for any of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provision in this Indenture or the Notes which may be defective or inconsistent with any other provision in this Indenture or the Notes;

(b) to evidence the succession of another Person to the Company or any Note Guarantor, and the assumption by any such successor of the covenants of the Company or such Note Guarantor, as the case may be, herein and in the Notes;

(c) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(d) to add Guarantees with respect to the Notes or release Guarantees as provided by the terms of this Indenture;

(e) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the Holders as additional security, pursuant to the requirements of Section 10.11, Article XIV, the Security Agreement or otherwise, for the payment and performance of the Indenture Obligations, in any property or assets, including any which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted, to the Trustee pursuant to this Indenture, the Security Agreement or otherwise;

(f) to add to the covenants of the Company or its Restricted Subsidiaries, as applicable, for the benefit of the Holders of the Notes (and if such covenants or the surrender of such right or power are to be for the benefit of less than all Notes, stating that such covenants are expressly being included or such surrenders are expressly being made solely for the benefit of one or more specified Notes), or to surrender any right or power conferred upon the Company or its Restricted Subsidiaries by this Indenture or the Notes;

(g) to comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act, as contemplated by Section 9.05 or otherwise;

(h) if necessary, to effect any addition or release of Senior Notes Collateral permitted under this Indenture or the Security Agreement;

(i) to evidence and provide the acceptance of the appointment of a successor Trustee hereunder;

(j) to clarify or make any other provisions with respect to matters or questions arising under this Indenture or the Notes; *provided* that, in each case, such clarification or provision thus made shall not adversely affect the interests of the Holders; and

(k) to establish any form of Note, as provided in Article Two, and to provide for the issuance of any Notes as provided in Article Three and to set forth the terms thereof; and/or to add to the rights of the Holders of the Notes.

SECTION 9.02. Supplemental Indentures and Agreements with Consent of Holders. Except as permitted by Section 9.01, with the consent of (x) the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes affected by such supplemental indenture or indentures, or (y) in the case of substantively identical supplemental indentures that are sought to be effected with respect to both the First Priority Notes Indenture and this Indenture, holders of not less than a majority in aggregate principal amount of the Outstanding Notes and the First Priority Notes, taken together, affected by such supplemental indentures, by Act of said Holders delivered to the Company and the Trustee, the Company and each Note Guarantor (if a party thereto) and the Trustee may (i) enter into an indenture or indentures supplemental hereto, in form and substance reasonably satisfactory to the Trustee, for the purpose of adding any provisions to or amending, modifying or changing in any manner or eliminating any of the provisions of this Indenture or the Notes (including, but not limited to, for the purpose of modifying in any manner the rights of the Holders of the Notes under this Indenture), (ii) modify or amend the Intercreditor Agreement, First Priority Intercreditor Agreement, the Support Agreement, and the Security Agreement (except as otherwise provided therein) or (iii) waive compliance with any provision in this Indenture, the Notes (other than waivers of past Defaults covered by Section 5.13 and waivers of covenants which are covered by Section 10.19), the Intercreditor Agreement, the Support Agreement and the Security Agreement; *provided, however*, that no such supplemental indenture, agreement or instrument shall, without the consent of the Holder of each outstanding Note affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Notes or waive a default in the payment of the principal or interest on any Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof;

(b) amend, change or modify the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 10.14, including amending, changing or modifying any of the provisions or definitions with respect thereto;

(c) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required for any such supplemental indenture or the consent

of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or certain Defaults hereunder and their consequences provided for in this Indenture or for any modifications or amendments to the Intercreditor Agreement, the Support Agreement or the Security Agreement;

(d) modify any of the provisions of this Section or Section 5.13 or 10.19, except to increase the percentage of Outstanding Notes required for such actions or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Note affected thereby;

(e) except as otherwise permitted under Article VIII, consent to the assignment or transfer by the Company or RMI of any of its respective rights and obligations under this Indenture; or

(f) amend or modify any of the provisions of (i) this Indenture relating to the ranking of the Notes or any guarantee in any manner adverse to the Holders or (ii) the RMI Subordination Agreement relating to the Indebtedness of the Company under the Support Agreement, in each case in any manner adverse to the Holders.

Upon the written request of the Company, accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture or agreement, but it shall be sufficient if such Act shall approve the substance thereof.

With respect to determining what constitutes a majority in aggregate principal amount of the Outstanding Notes and the First Priority Notes, taken together, as contemplated by this Section, the Trustee shall be entitled to rely on information provided to it by Wachovia Trust Company, National Association, or any successor trustee under the First Priority Indenture, or by the Company in an Officers' Certificate.

SECTION 9.03. Execution of Supplemental Indentures and Agreements. In executing, or accepting the additional trusts created by, any supplemental indenture, agreement or instrument permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Trust Indenture Act Section 315(a) through 315(d) and Section 6.03 hereof) shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate to the effect that the execution of such supplemental indenture, agreement or instrument is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture, agreement or instrument which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.04. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes;

and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 9.06. Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Notes modified so as to conform to any such supplemental indenture, in the opinion of the Trustee and the Board of Directors, may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Notes.

SECTION 9.07. Record Date. If the Company shall solicit from the Holders of any Notes any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders of the Notes entitled to consent to any supplemental indenture, agreement or instrument or any waiver, and shall promptly notify the Trustee of any such record date. If a record date is fixed, those Persons who were Holders of the Notes at such record date (or their duly designated proxies), and only those Persons, shall be entitled to consent to such supplemental indenture, agreement or instrument or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. The record date shall be a date no more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such solicitation is completed. No such consent shall be valid or effective for more than six months after such record date. Subject to applicable law, until any supplemental indenture, agreement, instrument or waiver becomes effective, or a consent to it by a Holder of a Note shall cease to be valid and effective as set forth in the preceding sentence, such consent is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note.

ARTICLE X

Covenants

SECTION 10.01. Payment of Principal, Premium and Interest. With respect to each Note, the Company will duly and punctually pay the principal of, premium, if any, and interest on such Note in accordance with the terms of such Note and this Indenture.

SECTION 10.02. Maintenance of Office or Agency. The Company will maintain in The City of New York an office or agency where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Corporate Trust Office shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such

purposes. The Company will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Notes may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

SECTION 10.03. Money for Note Payments to be Held in Trust. The Company will, on or before Noon, New York time, on each due date of the principal of, premium, if any, or interest on, the Notes, deposit with a Paying Agent (which shall not be the Company) a sum in same-day funds sufficient to pay the principal, premium, if any, or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure so to act.

The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (a) hold all sums held by it for the payment of the principal of, premium, if any, or interest on, the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (b) give the Trustee notice of any Default by the Company (or any other obligor upon the Notes) in the making of any payment of principal, premium, if any, or interest on the Notes;
- (c) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent; and
- (d) acknowledge, accept and agree to comply in all aspects with the provisions of this Indenture relating to the duties, rights and liabilities of such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to the Notes or for any other purpose, by the Company Order direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent in respect of the Notes as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Company in respect of all Notes, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying

Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal and premium, if any, or interest has become due and payable shall promptly be paid to the Company upon Company Request; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such payment to the Company, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will promptly be repaid to the Company.

SECTION 10.04. Corporate Existence. Subject to Article VIII, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and related rights and franchises (charter and statutory) of the Company and each Restricted Subsidiary; *provided, however*, that the Company shall not be required to preserve any such right or franchise or the corporate existence of any such Restricted Subsidiary if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries as a whole and that the loss thereof would not reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations hereunder; and *provided further, however*, that the foregoing shall not prohibit a sale, transfer or conveyance of a Restricted Subsidiary or any of its assets in compliance with the terms of this Indenture.

SECTION 10.05. Payment of Taxes and Other Claims. The Company will pay or discharge or cause to be paid or discharged, on or before the date the same shall become due and payable, (a) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Restricted Subsidiary shown to be due on any tax return of the Company or any Restricted Subsidiary or otherwise assessed or upon the income, profits or property of the Company or any Restricted Subsidiary and (b) all material lawful claims for labor, materials and supplies, which, if unpaid, would by law become a Lien upon the property of the Company or any Restricted Subsidiary, except for any Lien permitted to be Incurred under Section 10.11; *provided, however*, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings properly instituted and diligently conducted and in respect of which appropriate reserves (in the good-faith judgment of management of the Company) are being maintained in accordance with GAAP consistently applied.

SECTION 10.06. Maintenance of Properties. The Company will cause all material properties owned by the Company or any Restricted Subsidiary or used or held for use in the conduct of its business or the business of any Restricted Subsidiary to be maintained and

kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be consistent with sound business practice and reasonably necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided, however*, that nothing in this Section shall prevent the Company from discontinuing the maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of the business of the Company and its Restricted Subsidiaries and not reasonably expected to have a material adverse effect on the ability of the Company to perform its obligations hereunder.

SECTION 10.07. Insurance. The Company will at all times keep all of its and its Restricted Subsidiaries' properties which are of an insurable nature reasonably self-insured or insured with insurers, believed by the Company to be responsible, against loss or damage to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties in the same general geographic areas in which the Company and its Restricted Subsidiaries operate, except where the failure to do so would not reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or prospects of the Company and its Restricted Subsidiaries, taken as a whole.

SECTION 10.08. Limitation on Indebtedness. The Company will not, and will not permit any of its Restricted Subsidiaries to, incur any Indebtedness, including any Acquired Indebtedness, but excluding any Permitted Indebtedness.

SECTION 10.09. Limitation on Restricted Payments. (a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(i) declare or pay any dividend or make any other distribution or payment on or in respect of the Company's Capital Stock (including dividends or distributions of the Capital Stock of any Subsidiary), or make any other payment to the direct or indirect holders (in their capacities as such) of the Company's Capital Stock (other than dividends or distributions payable in shares of the Company's Qualified Capital Stock or in options, warrants or other rights to acquire such Qualified Capital Stock);

(ii) purchase, redeem or otherwise acquire or retire for value, directly or indirectly, any Capital Stock of the Company or any Capital Stock of any Affiliate of the Company (other than Capital Stock of any Restricted Subsidiary or Capital Stock of a Person that is, or immediately following such repurchase will become, a Restricted Subsidiary), or options, warrants or other rights to acquire such Capital Stock;

(iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness (other than Subordinated Indebtedness owing by the Company to any Restricted Subsidiary, by any Restricted Subsidiary to the Company or by any Restricted Subsidiary to any other Restricted Subsidiary) or make any cash interest payment on the International Intercompany Note;

(iv) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (x) dividends and distributions on Preferred Stock of Restricted Subsidiaries or (y) dividends and distributions made to any Person on a pro rata basis consistent with the ownership interests in such Capital Stock to the owners of such Capital Stock, except that, in the case of the Capital Stock of a Restricted Subsidiary that has provided a Guarantee, (i) no Default or Event of Default shall have occurred and be continuing; and (ii) no holders of any other Indebtedness of the Company or any Restricted Subsidiary shall have an Acceleration Right);

(v) Incur, create or assume any guarantee of Indebtedness of any Affiliate of the Company (other than a Restricted Subsidiary of the Company);

(vi) make any Restricted Investment in any Person; or

(vii) designate any Restricted Subsidiary as an Unrestricted Subsidiary;

(any of the payments described in paragraphs (i) through (vii) above, other than any such action that is a Permitted Payment (as defined below), collectively, "Restricted Payments") unless at the time of and after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, as determined by the Board of Directors, whose determination shall be conclusive and evidenced by a Board Resolution), (1) no Default or Event of Default shall have occurred and be continuing; (2) no holders of any other Indebtedness of the Company or any Restricted Subsidiary shall have an Acceleration Right; and (3) the aggregate amount expended by the Company and its Restricted Subsidiary (*provided that*, in the case of a Restricted Payment by a Restricted Subsidiary, such Restricted Payment is calculated for the purposes of this paragraph (3) by multiplying the amount of the Restricted Payment by the percentage of the Company's common equity interest in such Restricted Subsidiary at the time of such Restricted Payment) in connection with all Restricted Payments made subsequent to March 10, 2003, taken together with any payments made pursuant to paragraph (b)(viii) below, shall not exceed the sum of (without duplication):

(A) 50% of the aggregate cumulative Adjusted Net Cash Flow of the Company and its Restricted Subsidiaries accrued during the period (treated as a single accounting period) beginning on the first day of the Company's fiscal quarter commencing prior to March 10, 2003 and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment; *plus*

(B) the aggregate Net Cash Proceeds received after March 10, 2003 by the Company from the issuance or sale (other than to any of its Restricted Subsidiaries) of its Qualified Capital Stock or any options, warrants or rights to purchase such Qualified Capital Stock (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness of the Company as set forth in (b)(iv) and (b)(v) below); *plus*

(C) the aggregate Net Cash Proceeds received after March 10, 2003 by the Company (other than from any of its Restricted Subsidiaries) upon the exercise of any options or warrants to purchase Qualified Capital Stock of the Company subsequent to

March 10, 2003 (except to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness of the Company as set forth in (b)(iv) and (b)(v) below); *plus*

(D) the aggregate amount by which any Permitted Indebtedness of the Company or any Restricted Subsidiary is reduced after March 10, 2003 as a result of the conversion or exchange of debt securities or Redeemable Capital Stock of the Company that has been converted into or exchanged for Qualified Capital Stock of the Company to the extent such debt securities or Redeemable Capital Stock plus the aggregate Net Cash Proceeds received by the Company at the time of any such conversion or exchange were originally sold for cash; *plus*

(E) the aggregate Net Cash Proceeds received after March 10, 2003 by the Company from cash capital contributions made to the Company (other than from a Restricted Subsidiary, and other than cash capital contributions made pursuant to the Support Agreement); *plus*

(F) the aggregate Net Cash Proceeds of any (x) sale or other disposition of Restricted Investments (which Investment was made after March 10, 2003) made by the Company or a Restricted Subsidiary, (y) dividends or other distributions, whether liquidating or otherwise, from, or the sale of capital stock of, an Unrestricted Subsidiary, or (z) dividends or other distributions, whether liquidating or otherwise, from Restricted Investments (which Investment was made after March 10, 2003); *plus*

(G) with respect to any Unrestricted Subsidiary that is redesignated by the Board of Directors as a Restricted Subsidiary, an amount equal to the lower of (x) the fair market value (as determined by a majority of the Independent Directors of the Board of Directors and evidenced by a Board Resolution) of the Company's or a Restricted Subsidiary's interest in such Unrestricted Subsidiary or (y) the amount of the original Investment by the Company or such Restricted Subsidiary in such Unrestricted Subsidiary plus any additional Investment made in such Unrestricted Subsidiary after the date such Subsidiary was so designated; *provided* that in determining the amount of the Investment by the Company or such Restricted Subsidiary in (1) any Subsidiary designated as an Unrestricted Subsidiary as of March 10, 2003, such amount shall be the fair market value of such Unrestricted Subsidiary as at March 10, 2003, (2) any Restricted Subsidiary that is designated as an Unrestricted Subsidiary after March 10, 2003, such amount shall be the fair market value of such Unrestricted Subsidiary as at the date of such designation, and (3) any Investment made in an Unrestricted Subsidiary after the date such Subsidiary was so designated, such amount shall be equal to the cash amount so invested or the fair market value of any property contributed; *plus*

(H) Cdn. \$30,000,000.

The sum of the amounts provided for in clauses (3)(A) through (3)(H) above, less the aggregate amount of Restricted Payments made by the Company and its Restricted Subsidiaries, is referred to in this Indenture as the "RP Available Amount."

(b) Notwithstanding the foregoing (and, in the case of clauses (ii) through (viii) below, so long as (1) no Default or Event of Default shall have occurred and be continuing or shall occur as a consequence of the actions or payments set forth therein and (2) no holders of any other Indebtedness of the Company or any Restricted Subsidiary have an Acceleration Right), the foregoing provisions will not prohibit the following actions (clauses (i) through (viii) of this subsection (b) being referred to as "Permitted Payments"):

(i) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at such date of declaration such payment would be permitted by the provisions of paragraph (a) of this Section and such payment will be deemed to have been paid on such date of declaration for purposes of the calculation required by paragraph (a) of this Section;

(ii) the payment of any dividend or distribution on the Series II Preferred Shares (and any Capital Stock issued in connection with the purchase, redemption, retirement or other refinancing of the Series II Preferred Shares permitted under this Indenture), in an amount not to exceed the aggregate dividends paid by Hollinger International to the Company on Class A Common Stock that corresponds to the number of shares of Class A Common Stock into which the Series II Preferred Shares are exchangeable;

(iii) the payment of any dividend or distribution on the retractable common shares of the Company in an amount not to exceed the aggregate cash amount received by the Company from RCL or RMI after March 10, 2003 in the form of a Subordinated Intercompany Loan;

(iv) any repurchase, redemption or other acquisition or retirement of any shares of Capital Stock of the Company in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of a substantially concurrent issue and sale for cash (other than to a Restricted Subsidiary) of, (A) other Qualified Capital Stock of the Company or (B) in the case of a retraction of the Company's retractable Capital Stock, shares of Class A common stock of Hollinger International; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clauses (B) and (C) of paragraph (a) of this Section;

(v) any repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or out of the net proceeds of, a substantially concurrent issuance and sale for cash (other than to any Restricted Subsidiary of the Company) of, any Qualified Capital Stock of the Company; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock are excluded from clauses (B) and (C) of paragraph (a) of this Section; and

(vi) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock) (a "refinancing") through the issuance of new

Subordinated Indebtedness of the Company; *provided* that any such new Subordinated Indebtedness (1) shall be in a principal amount that does not exceed the principal amount so refinanced (or, if the Subordinated Indebtedness so refinanced provides for an amount less than the principal amount thereof to be due and payable upon a declaration or acceleration thereof, then such lesser amount as of the date of determination), plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of such refinanced Indebtedness and any reasonable out-of-pocket expenses of the Company Incurred in connection with such refinancing; (2) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Notes; (3) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Notes; and (4) is expressly subordinated in right of payment to the Notes at least to the same extent as the Indebtedness to be refinanced.

(c) For purposes of this Section, if the Board of Directors designates a Restricted Subsidiary as an Unrestricted Subsidiary, a "Restricted Payment" shall be deemed to have been made in an amount equal to the fair value of the Investment of the Company and its other Restricted Subsidiaries in such Unrestricted Subsidiary as determined by the Board of Directors with the concurrence of a majority of the Independent Directors (there being at least one Independent Director), whose good faith determination shall be conclusive. If a particular Restricted Payment involves a non-cash payment, including a distribution of assets, then such Restricted Payment shall be deemed to be in an amount equal to the fair market value of the non-cash portion of such Restricted Payment as determined by the Board of Directors, whose good faith determination shall be conclusive.

SECTION 10.10. Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than the Company or a Restricted Subsidiary) unless (a) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction in arm's-length dealings with an unrelated third party and (b) with respect to any transaction or series of related transactions involving aggregate payments in excess of \$1,000,000, the Company delivers an Officers' Certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above and such transaction or series of related transactions has been approved by a majority of the Independent Directors of the Board of Directors (or, if the Company ceases to be a public company, by a majority of the members of the Board of Directors); *provided* that any transaction or series of related transactions otherwise permitted under this paragraph (other than any transaction or series of related transactions with respect to the making of any Restricted Payment permitted pursuant to Section 10.09) pursuant to which the Company or any Restricted Subsidiary shall receive or render value exceeding \$5,000,000 shall not be permitted unless, prior to the consummation of any such transaction or series of related transactions, the Company shall have received an opinion, from an independent nationally recognized investment banking firm or firm experienced in the appraisal or similar review of similar types of transactions, that such transaction is fair to the Company from a financial point of view; *provided further* that this covenant shall not apply to:

(i) transactions or agreements as in effect or securities outstanding as of March 10, 2003;

(ii) directors' fees approved by the Board of Directors;

(iii) any employee benefit plan or arrangement entered into or made available to officers or other employees of the Company or the Restricted Subsidiaries in the ordinary course of business;

(iv) the performance by RMI, RCL, the Company and any Restricted Subsidiary of their respective obligations under the Support Agreement (and the related Contribution Agreement), the Security Documents and this Indenture or the contribution by RMI or RCL of any voluntary support amounts to the Company;

(v) for so long as the Company is a public company, any sale to Hollinger International of shares of Capital Stock of Hollinger International held by the Company or its Restricted Subsidiaries for fair value (as determined by a majority of the Independent Directors of the Board of Directors); and

(vi) a purchase by RMI or its Affiliates from the Company or any of its Restricted Subsidiaries and substantially concurrent sale in an arm's-length transaction by RMI or its Affiliates to a third party (other than an Affiliate of the Company or RMI) or to Hollinger International of shares of Capital Stock of Hollinger International where the purchase and sale were undertaken at the same price and RMI delivers an Officers' Certificate to the Trustee certifying that such purchase and sale of such shares were undertaken at the same price.

SECTION 10.11. Limitation on Liens. (a) The Company will not, and will not permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Lien on any of its assets or properties of any character, or any shares of Capital Stock or Indebtedness of any Restricted Subsidiary, without making effective provision for all of the Notes and all other amounts due under this Indenture to be directly secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien.

(b) The foregoing limitation does not apply to:

(i) Liens (other than on the Capital Stock of NBI (until and unless the NBI Guarantee shall have been released in accordance with this Indenture) or any of the Senior Notes Collateral) securing Indebtedness incurred under the Credit Facility that is permitted to be incurred under the definition of "Permitted Indebtedness";

(ii) Liens existing on March 10, 2003;

(iii) Liens granted after March 10, 2003 on any assets or Capital Stock of the Company or its Restricted Subsidiaries created in favor of the Holders;

(iv) Liens with respect to the assets of a Restricted Subsidiary granted by such Restricted Subsidiary to the Company or a Restricted Subsidiary to secure Indebtedness owing to the Company or such other Restricted Subsidiary;

(v) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (viii) of the definition of "Permitted Indebtedness"; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(vi) Liens on any property or assets or capital stock of a Restricted Subsidiary securing Indebtedness of such Restricted Subsidiary permitted under the definition of "Permitted Indebtedness"; or

(vii) Permitted Liens.

SECTION 10.12. Limitation on Issuances of Guarantees of Indebtedness. (a)

The Company will not permit any Restricted Subsidiary (other than NBI), directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any Indebtedness of the Company (other than pursuant to the First Priority Notes Indenture, the First Priority Notes or the First Priority Notes Security Agreement, or a Credit Facility) unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture providing for a senior Guarantee of the Notes and if such Indebtedness of the Company is by its terms *pari passu* with or expressly subordinated to the Notes, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be *pari passu* with or subordinated to such Restricted Subsidiary's Guarantee to the same extent as such Indebtedness is *pari passu* with or subordinated to the Notes.

(b) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Notes that is provided pursuant to the foregoing paragraph may provide by its terms that it shall be automatically and unconditionally released and discharged (i) upon any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary, which sale, exchange or transfer is in compliance with this Indenture, (ii) if the Restricted Subsidiary issuing such Guarantee ceases to be a Restricted Subsidiary or (iii) upon the release by the holders of the Indebtedness of the Company described in paragraph (a) above of their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at a time when (A) no other Indebtedness of the Company or any Restricted Subsidiary has been guaranteed by such Restricted Subsidiary or (B) the holders of all such other Indebtedness which is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness).

SECTION 10.13. Limitation on Sale of Assets. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(i) at least 75% of the proceeds from such Asset Sale are received in cash (*provided* that the amount of (A) any *Pari Passu* Indebtedness of the Company or Indebtedness of any such Restricted Subsidiary that is *pari passu* with any guarantee of the Notes (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of the Company or any such Restricted Subsidiary that is assumed by the transferee of any asset in connection with any Asset Sale and (B) any deferred payment obligations received by the Company or any such Restricted Subsidiary as proceeds of an Asset Sale that are concurrently with the Asset Sale converted into cash without recourse to the Company or any of its Restricted Subsidiaries shall be deemed to be cash for purposes of this provision; *provided further* that for purposes of this clause (i); "cash" shall include any cash proceeds received from the sale of securities received in an Asset Sale as long as, at the time of such Asset Sale, the Company or its Restricted Subsidiary, as applicable, has entered into a legally binding agreement for the sale of such securities and such securities are sold within 90 days of such Asset Sale; and *provided further* that this clause (i) shall not apply to

(x) any contribution, sale or other disposition of shares of Capital Stock of Hollinger International held by the Company or its Restricted Subsidiaries (other than the Pledged Share Collateral) to Hollinger International or its Subsidiaries in satisfaction of such portion of any Indebtedness owed by the Company or any of its Restricted Subsidiaries to Hollinger International or its Subsidiaries under the International Intercompany Note as is no less than 90% of the aggregate Current Market Price of the shares of Capital Stock of Hollinger International so contributed, sold or disposed of, so long as and to the extent that the repayment of such Indebtedness would be permitted under the provisions of Section 10.09 and Section 10.10, or

(y) any sale of an interest in the Company's newspaper businesses in the Cayman Islands held through Holcay Holdings Ltd., or in Costa Rica held through 172847 Canada Limited, to Hollinger International or its Subsidiaries in satisfaction of such portion of any Indebtedness owed by the Company or any of its Restricted Subsidiaries to Hollinger International or its Subsidiaries under the International Intercompany Note as is equal to the fair market value of the shares or assets so sold, so long as and to the extent that the repayment of such Indebtedness would be permitted under the provisions of Section 10.09 and Section 10.10; and

(ii) The Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the fair market value of the shares or assets sold (as determined by the Board of Directors of the Company and evidenced by a Board Resolution). The value of any properties or assets (other than cash) received pursuant to an Asset Sale shall be determined by the Board of Directors of the Company and evidenced by a Board Resolution; *provided*, that if the value of the asset which is the subject of the Asset Sale is in excess of \$5,000,000, the value of the properties or assets received shall be determined by an independent nationally recognized investment banking firm or firm experienced in the appraisal or similar review of similar types of assets.

(b) The Company will, and will cause its Restricted Subsidiaries to, apply 100% of the Net Cash Proceeds of any Asset Sale:

(i) *first*, (A) to the extent the Company elects, to the reinvestment by the Company or such Restricted Subsidiary in properties and assets that (as determined by the Board of Directors) replace the properties and assets that were the subject of the Asset Sale or in properties and assets that will be used in the businesses of the Company or its Restricted Subsidiaries existing as of March 10, 2003 or in businesses reasonably related thereto or (B) to the extent the Company elects to the making of an offer to purchase (an "Offer"), out of such amount of the Net Cash Proceeds as the Company shall determine to allocate for such purpose (the "Allocated Proceeds"), a principal amount of Notes equal to the Notes Amount (as defined in clause (c) below) and (to the extent so required by the terms of the debt instrument governing such Indebtedness) a principal amount of Pari Passu Indebtedness equal to the Pari Passu Amount (as defined in clause (c) below), any such Offer pursuant to this clause (b)(i)(B) to be conducted in accordance with the procedures set forth in clause (c) below (substituting the term "Allocated Proceeds" in place of any reference therein with "Excess Proceeds") and in this Indenture (with any Deficiency (as defined in clause (c) below) occurring after such Offer to be excluded from the calculation of Excess Proceeds and treated the same as a Deficiency occurring after an Offer made using Excess Proceeds), any such application pursuant to clauses (A) and (B) to be made within 12 months of receipt of such Net Cash Proceeds;

(ii) *second*, to the extent of the balance of such Net Cash Proceeds after application, if any, in accordance with clause (i) above, to make an Offer to purchase Notes pursuant to and subject to the conditions set forth below (including, without limitation, the condition in Section 10.13(c) that the aggregate amount of Excess Proceeds equals or exceeds \$5,000,000); *provided, however*, that if the Company elects (or is required by the terms of any Pari Passu Indebtedness), such Offer may be made ratably to purchase the Notes and any Pari Passu Indebtedness of the Company (any Net Cash Proceeds from Asset Sales (excluding any Deficiency resulting from an Offer made using Allocated Proceeds pursuant to clause (b)(i)(B)) that are not applied as provided in clause (i) above shall constitute "Excess Proceeds"); and

(iii) *third*, to the extent of the balance of any Excess Proceeds after application in accordance with clauses (i) and (ii) above, for any general corporate purpose permitted pursuant to the terms of this Indenture;

provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clauses (i)(B) and (ii) above, the Company or such Restricted Subsidiary will retire such Indebtedness and (in the case of the Credit Facility, to the extent of any borrowings thereunder that have been converted to a term loan as permitted under this Indenture) will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased.

(c) When the aggregate amount of Excess Proceeds equals or exceeds \$5,000,000, the Company shall apply the Excess Proceeds to the repayment of the Notes and any Pari Passu Indebtedness required to be repurchased under the instrument governing such Pari

Passu Indebtedness as follows: (i) the Company shall make an offer to purchase (an "Offer") from all Holders, in accordance with the procedures set forth in this Indenture, in the maximum principal amount (expressed as a multiple of \$1,000) of Notes that may be purchased out of an amount (the "Note Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Notes tendered) and (ii) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Note Amount; *provided* that in no event shall the Pari Passu Debt Amount exceed the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date (the "Purchase Date") such Offer is consummated (the "Offered Price"), in accordance with the procedures set forth below. To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall, if any, constituting a "Deficiency"), the Company may use such Deficiency for any purpose not otherwise prohibited by this Indenture. Upon completion of the purchase of all Notes tendered pursuant to an Offer and repurchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(d) Whenever the aggregate amount of Excess Proceeds received by the Company exceeds \$5,000,000, such Excess Proceeds shall, prior to the purchase of Notes or any Pari Passu Indebtedness described in paragraph (c) above, be set aside by the Company in a separate account pending (i) deposit with the depository or a Paying Agent of the amount required to purchase the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer and (ii) delivery by the Company of the Offered Price to the Holders or holders of Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer. Such Excess Proceeds may be invested in Temporary Cash Investments; *provided* that the maturity date of any such investment made after the amount of Excess Proceeds equals or exceeds \$5,000,000 shall not be later than the Purchase Date. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Temporary Cash Investments; *provided* that the Company shall not be entitled to such interest and shall not withdraw such interest from the separate account, if an Event of Default has occurred and is continuing.

(e) If the Company becomes obligated to make an Offer pursuant to paragraph (c) above, the Notes shall be purchased by the Company, at the option of the Holders thereof, in whole or in part in integral multiples of \$1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice is given to Holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act, subject to proration in the event the Note Amount is less than the aggregate Offered Price of all Notes tendered.

(f) Notwithstanding any other provision hereof, with respect to the proceeds of an Asset Sale arising from the issuance of Capital Stock of a Restricted Subsidiary ("Issuance Proceeds"):

(i) Prior to the day following the fifth anniversary of March 10, 2003, the Company shall not be required to use Issuance Proceeds to make an Offer to purchase Notes in an amount in excess of 25% of the original aggregate principal amount of the Notes. For greater certainty, the maximum amount of the Issuance Proceeds that may be applied to make an Offer to purchase Notes that has a date of purchase prior to the day following the fifth anniversary of March 10, 2003 is 25% of the original aggregate principal amount of the Notes less the aggregate principal amount of Notes previously purchased pursuant to a purchase offer using Issuance Proceeds. To the extent the aggregate amount of Notes tendered exceeds the permitted amount of the Offer, the tendered Notes shall be selected for repurchase on a pro-rata basis.

(ii) Promptly after the fifth anniversary of March 10, 2003, the Company shall be required to make an Offer to purchase Notes in accordance with the requirements set out in paragraph (c) above, in an aggregate amount equal to the aggregate amount of Issuance Proceeds in excess of 25% of the principal amount of the Notes that was not applied to purchase Offers pursuant to the provisions of this paragraph.

(g) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer.

(h) The Company shall not, and shall not permit any Restricted Subsidiary to, create or permit to exist or become effective any restriction that would expressly impair the ability of the Company to make an Offer to purchase the Notes or, if such Offer is made, to pay for the Notes tendered for purchase.

(i) Notwithstanding anything to the contrary herein, until and unless the NBI Guarantee shall have been released in accordance with this Indenture, the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale in respect of any of the Capital Stock or assets and properties of either Sugra or NBI to the extent that any such Asset Sale would impair the Lien in favor of the Collateral Agent in the Pledged Share Collateral.

(j) Within 30 days after the date on which the amount of Excess Proceeds equals or exceeds \$5,000,000, the Company shall send by first-class mail, postage prepaid, to the Trustee and to each Holder of the Notes, at such Holder's address appearing in the Note Register, a notice stating or including:

(i) that the Holder of such Notes has the right to require the Company to repurchase, subject to proration, part or all of such Holder's Notes at the Offered Price;

(ii) the Purchase Date;

(iii) the instructions a Holder of such Notes must follow in order to have its Notes purchased in accordance with paragraph (c) of this Section;

(iv) (A) the most recently filed annual report on Form 20-F or Form 40-F, as applicable (including audited consolidated financial statements), of the Company, and any report on Form 6-K of the Company furnished subsequent to such annual report, other than reports describing Asset Sales otherwise described in the offering materials (or corresponding successor reports) (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required pursuant to Section 10.17), (B) a description of material developments in the Company's business subsequent to the date of the latest of such reports, (C) if material, appropriate pro forma financial information, and (D) such other information, if any, concerning the business of the Company and its Restricted Subsidiaries which the Company in good faith believes will enable such Holders to make an informed investment decision regarding the Offer;

(v) the Offered Price;

(vi) the names and addresses of the Paying Agent and the offices or agencies referred to in Section 10.02;

(vii) that Notes must be surrendered at least three Business Days prior to the Purchase Date to the Paying Agent or to an office or agency referred to in Section 10.02 to collect payment;

(viii) that any Notes not tendered will continue to accrue interest and that unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the offer shall cease to accrue interest on and after the Purchase Date; and

(ix) the procedures for withdrawing a tender.

(k) Holders electing to have the Notes purchased hereunder will be required to surrender such Notes at the address specified in the notice at least three Business Days prior to the Purchase Date. Holders will be entitled to withdraw their election to have their Notes purchased pursuant to this Section if the Company receives, not later than three Business Days prior to the Purchase Date, a telegram, telex, facsimile transmission or letter setting forth (1) the name of the Holder, (2) the certificate number of the Note in respect of which such notice of withdrawal is being submitted, (3) the principal amount of the Note (which shall be \$1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which his election is to be withdrawn, (4) a statement that such Holder is withdrawing such Holder's election to have such principal amount of such Note purchased, and (5) the principal amount, if any, of such Note (which shall be \$1,000 or an integral multiple thereof) that remains subject to the original notice of the Offer and that has been or will be delivered for purchase by the Company.

(l) the Company shall (i) not later than the Purchase Date, accept for payment Notes or portions thereof tendered pursuant to the Offer, (ii) not later than 11:00 a.m. (New York time) on the Purchase Date, deposit with the Trustee or with a Paying Agent an amount of money in same day funds (or New York Clearing House funds if such deposit is made prior to the

Purchase Date) sufficient to pay the aggregate Offered Price of all the Notes or portions thereof which are to be purchased on that date and (iii) not later than 11:00 a.m. (New York time) on the Purchase Date, deliver to the Paying Agent an Officers' Certificate stating the Notes or portions thereof have been accepted for payment by the Company.

The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest, if any, thereon, held by them for the payment of the Offered Price; *provided, however*, that (x) to the extent that the aggregate amount of cash deposited by the Company with the Trustee or a Paying Agent in respect of an Offer exceeds the aggregate Offered Price of the Notes or portions thereof to be purchased, then the Trustee or a Paying Agent shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly after the Business Day following the Purchase Date the Trustee or a Paying Agent shall return any such excess to the Company together with interest or dividends, if any, thereon.

(m) Notes to be purchased shall, on the Purchase Date, become due and payable at the Offered Price and from and after such date (unless the Company shall default in the payment of the Offered Price) such Notes shall cease to bear interest. The Offered Price shall be paid to such Holder promptly following the later of the Purchase Date and the time of delivery of such Note to the relevant Paying Agent at the office of such Paying Agent by the Holder thereof in the manner required. Upon surrender of any such Note for purchase in accordance with the foregoing provisions, such Note shall be paid by the Company at the Offered Price; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Purchase Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 3.08; *provided further* that Notes to be purchased are subject to proration in the event the Excess Proceeds are less than the aggregate Offered Price of all Notes tendered for purchase, with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of \$1,000 or integral multiples thereof shall be purchased. If any Note tendered for purchase in accordance with the terms of this Section shall not be so paid upon surrender thereof by deposit of funds with the Trustee or a Paying Agent in accordance with paragraph (j) above, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Purchase Date at the rate borne by such Note. Any Note that is to be purchased only in part shall be surrendered to a Paying Agent in accordance with the terms of this Section at the office of such Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and pursuant to a Company Order the Trustee shall authenticate and deliver to the Holder of such Note, without service charge, one or more new Notes of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Note so surrendered that is not purchased.

SECTION 10.14. Purchase of Notes upon a Change of Control. (a) If a Change of Control shall occur at any time, each Holder with respect to Notes shall have the right to require that the Company purchase such Holder's Notes, pursuant to an offer described in subsection (b) of this Section (a "Change of Control Offer"), in whole or in part in integral multiples of \$1,000, at a purchase price (the "Change of Control Purchase Price") in cash in an

amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date"), in accordance with the procedures set forth in paragraphs (b), (c), (d) and (e) of this Section.

(b) Within 30 days following any Change of Control, the Company shall notify the Trustee thereof and give written notice (a "Change of Control Purchase Notice") of such Change of Control to each Holder by first-class mail, postage prepaid, to the Trustee and to each Holder at his address appearing in the Note Register, stating or including:

A. that a Change of Control has occurred, the date of such event, and that such Holder has the right to require the Company to repurchase such Holder's Notes at the Change of Control Purchase Price;

B. the circumstances and relevant facts regarding such Change of Control (including but not limited to information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control, if any);

C. that the Change of Control Offer is being made pursuant to Section 10.14(a) and that all Notes properly tendered pursuant to the Change of Control Offer will be accepted for payment at the Change of Control Offer Purchase Price;

D. the Change of Control Purchase Date, which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act;

E. (i) the most recently filed annual report on Form 20-F or Form 40-F, as applicable (including audited consolidated financial statements), of the Company, and any report on Form 6-K of the Company furnished subsequent to such annual report (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required to be prepared by the Company pursuant to Section 10.17), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such reports and (iii) such other information, if any, concerning the business of the Company and its Restricted Subsidiaries which the Company in good faith believes will enable such Holders to make an informed investment decision regarding the Change of Control Offer;

F. the Change of Control Purchase Price;

G. the names and addresses of the Paying Agent and the offices or agencies referred to in Section 10.02;

H. that Notes must be surrendered at least three Business Days prior to the Change of Control Purchase Date to the Paying Agent at the Office of the Paying Agent or to an office or agency referred to in Section 10.02 to collect payment;

I. that the Change of Control Purchase Price for any Note which has been properly tendered and not withdrawn will be paid promptly following the Change of Control Purchase Date;

J. the procedures for withdrawing a tender of Notes and Change of Control Purchase Notice;

K. that any Note not tendered will continue to accrue interest; and

L. that, unless the Company defaults in the payment of the Change of Control Purchase Price, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date.

(c) Upon receipt by the Company of the proper tender of Notes, each Holder of a Note in respect of which such proper tender was made shall (unless the tender of such Note is properly withdrawn) thereafter be entitled to receive solely the Change of Control Purchase Price with respect to such Note. Upon surrender of any such Note for purchase in accordance with the foregoing provisions, such Note shall be paid by the Company at the Change of Control Purchase Price; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Change of Control Purchase Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 3.08. If any Note tendered for purchase in accordance with the provisions of this Section shall not be so paid upon surrender thereof by deposit of funds with the Paying Agent in accordance with paragraph (d) below, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Change of Control Purchase Date at the rate borne by such Note. Holders electing to have such Notes purchased will be required to surrender such Notes to the Paying Agent at the address specified in the notice at least three Business Days prior to the Change of Control Purchase Date. Any such Notes that are to be purchased only in part shall be surrendered to a Paying Agent in accordance with the provisions of this Section at the office of such Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and pursuant to a Company Order the Trustee shall authenticate and deliver to the Holder of such Note, without service charge, one or more new Notes of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Note so surrendered that is not purchased.

(d) The Company shall (i) not later than the Change of Control Purchase Date, accept for payment of Notes or portion thereof tendered pursuant to the Change of Control Offer, (ii) not later than 11:00 a.m. (New York time) on the Change of Control Purchase Date, deposit with the Paying Agent an amount of cash sufficient to pay the aggregate Change of Control Purchase Price of all the Notes or portions thereof which are to be purchased as of the Change of Control Purchase Date and (iii) not later than 11:00 a.m. (New York time) on the Change of Control Purchase Date, deliver to the Paying Agent an Officers' Certificate stating the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Notes so accepted payment in an amount equal to the Change of Control

Purchase Price of the Notes purchased from each such Holder. Any Notes not so accepted shall be promptly mailed or delivered by the Paying Agent at the Company's expense to the Holder thereof. The Company will publicly announce the results of the Change of Control Offer on the Change of Control Purchase Date. For purposes of this Section, the Company shall choose a Paying Agent which shall not be the Company.

(e) A tender made in response to a Change of Control Purchase Notice may be withdrawn before or after delivery by the Holder to the Paying Agent at the office of the Paying Agent of the Notes to which such Change of Control Purchase Notice relates, by means of a written notice of withdrawal delivered by the Holder to the Paying Agent at the office of the Paying Agent or to the office or agency referred to in Section 10.02 to which the related Change of Control Purchase Notice was delivered not later than three Business Days prior to the Change of Control Purchase Date specifying as applicable:

- (1) the name of the Holder;
- (2) the certificate number of the Note in respect of which such notice of withdrawal is being submitted;
- (3) the principal amount of the Note (which shall be \$1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which such notice of withdrawal is being submitted;
- (4) a statement that such Holder is withdrawing such Holder's election to have such principal amount of such Note purchased; and
- (5) the principal amount, if any, of such Note (which shall be \$1,000 or an integral multiple thereof) that remains subject to the original Change of Control Purchase Notice and that has been or will be delivered for purchase by the Company.

(f) As provided in the Notes, the Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest or dividends, if any, thereon, held by either of them for the payment of the Change of Control Purchase Price; *provided, however,* that (x) to the extent that the aggregate amount of cash deposited by the Company pursuant to clause (ii) of paragraph (d) above exceeds the aggregate Change of Control Purchase Price of the Notes or portions thereof to be purchased, then the Trustee or the Paying Agent shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly after the Business Day following the Change of Control Purchase Date, the Trustee or the Paying Agent shall return any such excess to the Company together with interest, if any, thereon.

(g) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

(h) Notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to repurchase the Notes pursuant to a Change of Control Offer, or otherwise

comply with this Section, if the Company has elected to redeem all of the Notes in accordance with Article XI.

The Company shall not, and shall not permit any Subsidiary to, create or permit to exist or become effective any restriction that would expressly impair the ability of the Company to make a Change of Control Offer to purchase the Notes or, if such Change of Control Offer is made, to pay for the Notes tendered for purchase.

SECTION 10.15. Limitation on Issuance and Sale of Capital Stock of Restricted Subsidiaries. The Company will not permit:

- (a) any Restricted Subsidiary to issue any Capital Stock (other than to the Company or any Restricted Subsidiary); or
- (b) any Person (other than the Company or a Restricted Subsidiary) to acquire any Capital Stock of any Restricted Subsidiary from the Company or any Restricted Subsidiary,

except if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would continue to be a Restricted Subsidiary or if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer be a Restricted Subsidiary and the Company's Investment in such Person after giving effect to such issuance or sale would have been permitted to be made under the provisions of Section 10.09 as if made on the date of such issuance or sale (and such Investment shall be deemed to be an Investment made for the purposes of Section 10.09). The proceeds of any issuance or sale of such Capital Stock permitted hereby will be treated as Net Cash Proceeds from an Asset Sale and must be applied in accordance with the terms of Section 10.13 (including the limitation noted in paragraph (f) thereof). Notwithstanding the foregoing, no issuance or sale of any Capital Stock of NBI (other than to the Company or any other Restricted Subsidiary) shall be permitted.

SECTION 10.16. Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distribution on its Capital Stock to the Company or any other Restricted Subsidiary, (b) pay any Indebtedness owed to the Company or any other Restricted Subsidiary, (c) make any Investment in the Company or (d) transfer any of its properties or assets to the Company or any Restricted Subsidiary, except (i) any encumbrance or restriction pursuant to or in connection with any agreement as in effect as of March 10, 2003, (ii) any encumbrance or restriction, with respect to a Restricted Subsidiary that is not a Restricted Subsidiary of the Company as of March 10, 2003; in existence at the time such Person becomes a Restricted Subsidiary of the Company and not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Company or any Restricted Subsidiary and (iv) any encumbrance or restriction existing under any amendments, modifications, restatements, renewals, supplements, replacements or refinancings of the agreements containing the encumbrances or restrictions in the foregoing clauses (i) and (ii);

provided that the terms and conditions of any such encumbrances or restrictions, taken as a whole, are not materially less favorable to the Holders than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced.

SECTION 10.17. Provision of Financial Statements. (a) Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, from and after January 1, 2006, the Company and RMI will, to the extent permitted under the Exchange Act, file with, or furnish to, the Commission the annual reports and other documents that they are or would have been required to file with, or furnish to, the Commission pursuant to such Section 13(a) or 15(d), including any information relating to the Company and RMI as may be required by Regulation S-X under the Exchange Act or by the Commission, if they were so subject, such documents to be filed with, or furnished to, the Commission on or prior to the respective dates by which they would have been required so to file, or to furnish, such documents if they are or were so subject (in each case, at the times, and in the manner, required of Foreign Private Issuers under the Exchange Act if the Company or RMI, as the case may be, qualifies as a Foreign Private Issuer) (the "Required Filing Dates"); *provided* that, RMI may satisfy its obligations under this paragraph through the inclusion in the Company's annual reports and other documents filed with or furnished to the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act (or the provisions of this Indenture) of such financial information of RMI as may be required to be contained therein by Regulation S-X under the Exchange Act. The Company will in any event, from and after January 1, 2006, (x) within 15 days of such Required Filing Date (i) transmit by mail to all Holders, as their names and addresses appear in the Note Register, without cost to such Holders and (ii) file with the Trustee copies of the annual reports and other documents which the Company would have been required to file with, or to furnish to, the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if it was subject to such Sections and (y) if filing or furnishing such documents by the Company with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any Holders at the Company's cost.

(b) On or prior to December 31, 2005, the Company will file with, or furnish to, the Commission and transmit by mail to the Trustee and all Holders an annual report on Form 20-F (or any other form available for the purpose) pursuant to the Exchange Act, including audited Consolidated financial statements for the fiscal years ended December 31, 2003 and December 31, 2004.

SECTION 10.18. Statement by Officers as to Default. (a) The Company and RMI will deliver to the Trustee, on or before a date not more than 45 days after the end of each fiscal quarter and not more than 90 days after the end of each fiscal year of the Company and RMI ending after the date hereof, a written statement signed by two executive officers of each of the Company and RMI, one of whom shall be the principal executive officer, principal financial officer or principal accounting officer of the Company and RMI, as applicable, stating whether or not, after a review of the activities of the Company and RMI during such year or such quarter and of the Company's and RMI's performance under this Indenture, to the best knowledge, based on such review, of the signers thereof, each of the Company and RMI has fulfilled all its respective obligations and is in compliance with all conditions and covenants under this Indenture throughout such year or quarter, as the case may be, and, if there has been a Default, specifying each Default and the nature and status thereof.

(b) When any Default or Event of Default has occurred and is continuing, or if the Trustee or any Holder or the trustee for or the holder of any other evidence of Indebtedness of the Company or any Restricted Subsidiary gives any notice or takes any other action with respect to a claimed default, the Company shall deliver to the Trustee by registered or certified mail or by telegram, telex or facsimile transmission followed by hard copy an Officers' Certificate specifying such Default, Event of Default, notice or other action, the status thereof and what action the Company is taking or proposes to take with respect thereto, within five Business Days of its occurrence.

SECTION 10.19. Waiver of Certain Covenants. The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 10.05 through 10.13 and Sections 10.15 through 10.18 if, before or after the time for such compliance, the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding waive such compliance in such instance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

SECTION 10.20. Limitation on the Designation of Unrestricted Subsidiaries. (a) The Board of Directors may designate any Restricted Subsidiary as an Unrestricted Subsidiary if (i) such action is in compliance with Section 10.09 of this Indenture and (ii) such action complies with the definition of "Unrestricted Subsidiaries."

(b) The Board of Directors may not designate any Unrestricted Subsidiary as a Restricted Subsidiary unless any additional Indebtedness incurred as a result of giving effect to such action (and treating any Acquired Indebtedness as having been incurred at the time of such action) would constitute Permitted Indebtedness.

SECTION 10.21. Additional Amounts. (a) All payments made by the Company or any of the Note Guarantors under or with respect to the Notes shall be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (hereinafter "Taxes") imposed or levied by or on behalf of the government of Canada or any political subdivision or any authority or agency therein or thereof having power to tax, or within any other jurisdiction in which the Company or any such Note Guarantor is organized or is otherwise resident for tax purposes or any jurisdiction from or through which payment is made (each a "Relevant Taxing Jurisdiction"), unless it is required to withhold or deduct Taxes by law or by the interpretation or administration thereof.

(b) If the Company or any Note Guarantor is so required to withhold or deduct any amount for or on account of Taxes imposed by a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes, it will be required to pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by Holders (including Additional Amounts) after such withholding or deduction will not be less than the amount that such Holders would have received if such Taxes had not been withheld or deducted; *provided, however*, that the foregoing obligation to pay Additional Amounts does not

apply (1) with respect to a payment made to a Holder (an "Excluded Holder") (A) with which the Company or such Note Guarantor does not deal at arm's length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment, or (B) which is subject to any Taxes by reason of the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust or corporation) and the Relevant Taxing Jurisdiction (other than the mere receipt of such payment or the ownership or holding outside of Canada of such Note); or (2) to any estate, inheritance, gift, sales, excise, transfer, personal property tax or similar tax, assessment or governmental charge ("Excluded Taxes"); nor will the Company or any Note Guarantor pay Additional Amounts if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment within 30 days after the date on which such payment or such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period).

(c) The Company and each Note Guarantor will also (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company and each Note Guarantor will furnish to the Holders, within 30 days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the Company or such Note Guarantor. The Company and each Note Guarantor will indemnify and hold harmless each Holder (other than an Excluded Holder or with respect to Excluded Taxes) and upon written request will reimburse each such Holder for the amount of (1) any Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Notes and (2) any Taxes levied or imposed and paid by such Holder with respect to any reimbursement under clause (1), but excluding any such Taxes on such Holder's income or net income.

(d) At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or the Note Guarantors will be obligated to pay Additional Amounts with respect to such payment, the Company and the Note Guarantors will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable, and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date.

(e) Whenever in this Indenture there is mentioned, in any context: (1) the payment of principal; (2) purchase prices in connection with a purchase of Notes; (3) interest; or (4) any other amount payable on or with respect to any of the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(f) The Company and the Note Guarantors will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery, enforcement or registration of the Notes, this Indenture or any other document or instrument in relation thereof, or the receipt of any payments with respect to the Notes, excluding such taxes, charges or similar levies imposed by any jurisdiction outside of Canada, the jurisdiction of incorporation of any successor of the

Company or any of the Note Guarantors or any jurisdiction in which a paying agent is located, and the Company and the Note Guarantors will agree to indemnify the Holders for any such taxes paid by such Holders.

(g) The obligations of the Company and the Note Guarantors under this Section 10.21 will survive any termination, defeasance or discharge of this Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Company or any Note Guarantor, as applicable, is organized or any political subdivision or taxing authority or agency thereof or therein.

SECTION 10.22. Covenants of RCL and Sugra. (a) RCL hereby covenants to vote its Capital Stock in RMI, and cause any subsequent holder of Capital Stock of RMI to vote such stock, so as to cause RMI to comply with its obligations under this Indenture, its Guarantee, the Support Agreement, the Security Documents and other transaction agreements. This covenant of RCL will not be deemed to be a guarantee by RCL of the Notes.

(b) Sugra hereby covenants that, until and unless the NBI Guarantee shall have been released in accordance with this Indenture, it will not create, incur, assume or suffer to exist any Lien on any of its shares of Capital Stock of NBI. This covenant of Sugra will not be deemed to be a guarantee by Sugra of the Notes.

SECTION 10.23. Limitation on RMI's Business Activities. RMI shall not:

(a) Incur any Indebtedness other than its Guarantee of the Notes or Indebtedness incurred in connection with the First Priority Notes Indenture or under the First Priority Notes (and any refinancings or replacements thereof permitted under the definition of "Permitted Indebtedness");

(b) Create, incur, assume or suffer to exist any Lien on any of its assets or properties of any character other than Liens arising in connection with the First Priority Notes Indenture, the First Priority Notes or the First Priority Notes Security Agreement; or

(c) engage in any business activities other than (i) the issuance of the RMI Guarantee, (ii) the performance of its obligations and pursuit of its rights under the Support Agreement and the Contribution Agreement or its rights and obligations existing as of March 10, 2003, (iii) the transactions contemplated in paragraph (vi) of Section 10.10, and (iv) activities incidental to those described in this clause (c).

ARTICLE XI

Redemption of Notes

SECTION 11.01. Right of Redemption. The Notes may be redeemed, at the election of the Company:

(a) as a whole or in part, at any time on or after March 1, 2007, subject to the conditions and at the Redemption Prices specified in the form of Note or in this Indenture and any Indenture supplemental hereto with respect to the Notes as provided in Exhibit A, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders of record of the Notes on relevant Regular Record Dates and Special Record Dates to receive interest due on relevant Interest Payment Dates) to the extent that this Article does not conflict with the terms of the form of Note;

(b) as a whole and not in part, upon not less than 30 nor more than 60 days' notice, at any time, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption only if, as a result of (1) any change in or amendment to the laws of Canada (or of any political subdivision or taxing authority therein or thereof) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings (including a judgment, holding or order by a court of competent jurisdiction), or (2) any change in the official application or interpretation (including a judgment, holding or order by a court of competent jurisdiction) of, or any execution of or amendment to, any treaty or treaties affecting taxation to which Canada (or such political subdivision or taxing authority) is a party, which change, amendment or treaty becomes effective on or after March 10, 2003 :

(i) the Company is or would be required on the next succeeding due date for a payment with respect to the Notes to pay any Additional Amounts with respect to the Notes pursuant to Section 10.21, or

(ii) with respect to any payment due or to become due under the Guarantees or this Indenture, RMI or NBI is, or on the next succeeding due date with respect to the Notes would be, required to pay any Additional Amounts pursuant to Section 10.21.

SECTION 11.02. Applicability of Article. Redemption of Notes at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article.

SECTION 11.03. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Notes pursuant to Section 11.01 shall be evidenced by a Company Order and an Officers' Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred. In case of any redemption at the election of the Company, the Company shall, not less than 30 nor more than 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice period shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of the Notes to be redeemed.

SECTION 11.04. Selection by Trustee of Notes to be Redeemed. (a) If less than all the Notes are to be redeemed, the portions of the Notes to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee (or such shorter period as the Trustee may agree upon), from the Outstanding Notes not previously called for redemption, by

lot or such other method as the Trustee shall deem fair and reasonable, and the amounts to be redeemed may be equal to \$1,000 or any integral multiple thereof, unless otherwise provided in the terms of the Notes.

(b) The Trustee shall promptly notify the Company and the Note Registrar in writing of the Notes selected for redemption and, in the case of Notes selected for partial redemption, the principal amount thereof to be redeemed.

(c) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of such Note which has been or is to be redeemed.

SECTION 11.05. Notice of Redemption. (a) Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Notes to be redeemed, at his address appearing in the Note Register. All notices of redemption shall state:

- (i) the Redemption Date;
- (ii) the Redemption Price;
- (iii) if less than all the Outstanding Notes are to be redeemed, the identification of the particular Notes to be redeemed;
- (iv) in the case of a Note to be redeemed in part, the principal amount of such Note to be redeemed and that after the Redemption Date upon surrender of such Note, a new Note or Notes in the aggregate principal amount equal to the unredeemed portion thereof will be issued;
- (v) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;
- (vi) that on the Redemption Date the Redemption Price will become due and payable upon each such Note or portion thereof to be redeemed, and that (unless the Company shall default in payment of the Redemption Price) interest thereon shall cease to accrue on and after said date;
- (vii) the place or places where such Notes are to be surrendered for payment of the Redemption Price; and
- (viii) the CUSIP number, if any, relating to such Notes.

(b) Notice of redemption of Notes to be redeemed at the election of the Company shall be given by the Company or at the Company's written request, by the Trustee in the name and at the expense of the Company. If the Company elects to give notice of redemption, it shall provide the Trustee with a certificate stating that such notice has been given in compliance with the requirements of this Section.

(c) Such notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Note.

SECTION 11.06. Deposit of Redemption Price. Prior to 11:00 a.m., New York City time, on any Redemption Date, the Company shall irrevocably deposit with the Trustee or with a Paying Agent an amount of money in same day funds sufficient to pay the Redemption Price of, and, except if the Redemption Date shall be an Interest Payment Date, accrued interest on, all the Notes or portions thereof which are to be redeemed on that date. The Trustee or the Paying Agent shall hold in trust for, and return to, the Company promptly after the Business Day following the Redemption Date any interest or dividends, if any, earned on amounts deposited with the Trustee or the Paying Agent remaining after the payment of the aggregate Redemption Price for all Notes to be redeemed; *provided* that neither the Trustee nor the Paying Agent shall be under any obligation to place or invest such funds in an interest bearing account.

SECTION 11.07. Notes Payable on Redemption Date. (a) Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall not have deposited funds in accordance with Section 11.06 in respect of the payment of the Redemption Price and accrued interest) such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Company at the Redemption Price together with accrued interest to the Redemption Date; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 3.08.

(b) If any Note called for redemption shall not be so paid upon surrender thereof for redemption, by deposit or segregation of funds in accordance with Section 11.06, the principal and premium, if any, shall, until paid, bear interest from the Redemption Date at the rate then borne by such Note.

SECTION 11.08. Notes Redeemed or Purchased in Part. Any Note which is to be redeemed or purchased only in part shall be surrendered to the Paying Agent at the office or agency maintained for such purpose pursuant to Section 10.02 (with, if the Company, the Note Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Note Registrar or the Trustee as the case may be, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and pursuant to a Company Order the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the unredeemed portion of the principal of the Note so surrendered that is not redeemed or purchased.

ARTICLE XII

Satisfaction and Discharge

SECTION 12.01. Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes herein expressly provided for) and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either:

(i) all the Notes theretofore authenticated and delivered (other than (x) lost, stolen or destroyed Notes which have been replaced or paid as provided in Section 3.07 and (y) Notes for whose payment United States dollars have theretofore been irrevocably deposited in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.03) have been delivered to the Trustee for cancellation; or

(ii) all Notes not theretofore delivered to the Trustee for cancellation

(x) have become due and payable, or

(y) will become due and payable at their Stated Maturity within one year, or

(z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, including principal of, premium, if any, and accrued interest on the Notes at such Maturity, Stated Maturity or Redemption Date;

(b) the Company has paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each to the effect that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with and that such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, this Indenture.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 6.07 and, if United States dollars shall have been deposited with the Trustee pursuant to subclause (ii) of Subsection (a) of this Section, the

obligations of the Trustee under Section 12.02 and the last paragraph of Section 10.03 shall survive.

SECTION 12.02. Application of Trust Money. Subject to the provisions of the last paragraph of Section 10.03, all United States dollars deposited with the Trustee pursuant to Section 12.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal of, premium, if any, and interest on the Notes for whose payment such United States dollars have been deposited with the Trustee.

ARTICLE XIII

Guarantees

SECTION 13.01. Guarantees. (a) For value received, RMI, in accordance with this Article XIII, hereby absolutely, unconditionally and irrevocably guarantees to the Trustee and the Holders, as if RMI were the principal debtor, the punctual payment and performance, on demand, when due of all Indenture Obligations (which for purposes of this Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this Guarantee).

(b) For value received, NBI, in accordance with this Article XIII, hereby absolutely, unconditionally and irrevocably guarantees to the Trustee and the Holders, as if NBI were the principal debtor, the punctual payment and performance, on demand, when due of all Indenture Obligations (which for purposes of this Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this Guarantee).

SECTION 13.02. Continuing Guarantee; No Right of Set-Off; Independent Obligation. (a) Each of the Guarantees shall be a continuing guarantee of the payment and performance of all Indenture Obligations and shall remain in full force and effect until the payment in full of all of the Indenture Obligations and shall apply to and secure any ultimate balance due or remaining unpaid to the Trustee (including the fees and expenses of its agents and counsel) or the Holders; and neither of the Guarantees shall be considered as wholly or partially satisfied by the payment or liquidation at any time or from time to time of any sum of money for the time being due or remaining unpaid to the Trustee or the Holders. Each of the Note Guarantors covenants and agrees to comply with all obligations, covenants, agreements and provisions applicable to it in this Indenture including those set forth in Article VIII and Section 10.17. Without limiting the generality of the foregoing, each of the Note Guarantors' liability shall extend to all amounts which constitute part of the Indenture Obligations and would be owed by the Company under this Indenture and the Notes but for the fact that they are unenforceable, reduced, limited, impaired, suspended or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company.

(b) Each of the Note Guarantors hereby guarantees that the Indenture Obligations will be paid to the Trustee without set-off or counterclaim or other reduction whatsoever (whether for taxes, withholding or otherwise) in lawful currency of the United States of America.

(c) Each of the Note Guarantors guarantees that the Indenture Obligations shall be paid strictly in accordance with their terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Holders.

(d) Each of the Note Guarantors' liability to pay or perform or cause the performance of the Indenture Obligations under the Guarantees shall arise forthwith after demand for payment or performance by the Trustee has been given to such Note Guarantor in accordance with the terms hereof and in the manner prescribed in Section 1.06 hereof.

(e) Except as provided herein, the provisions of this Article XIII cover all agreements between the parties hereto relative to the Guarantees and none of the parties shall be bound by any representation, warranty or promise made by any Person relative thereto which is not embodied herein; and it is specifically acknowledged and agreed that the Guarantees have been delivered by each of the Note Guarantors free of any conditions whatsoever and that no representations, warranties or promises have been made to any of the Note Guarantors affecting their liabilities hereunder, and that the Trustee shall not be bound by any representations, warranties or promises now or at any time hereafter made by the Company to either of the Note Guarantors.

SECTION 13.03. Guarantees Absolute. The obligations of each of the Note Guarantors hereunder are independent of the obligations of the Company under the Notes and this Indenture and a separate action or actions may be brought and prosecuted against any of the Note Guarantors whether or not an action or proceeding is brought against the Company and whether or not the Company is joined in any such action or proceeding. The liability of each of the Note Guarantors hereunder is irrevocable, absolute and unconditional and (to the extent permitted by law) the liability and obligations of the Note Guarantors hereunder shall not be released, discharged, mitigated, waived, impaired or affected in whole or in part by:

(a) any defect or lack of validity or enforceability in respect of any Indebtedness or other obligation of the Company or any other Person under this Indenture or the Notes, or any agreement or instrument relating to any of the foregoing;

(b) any grants of time, renewals, extensions, indulgences, releases, discharges or modifications which the Trustee or the Holders may extend to, or make with, the Company, the Note Guarantors or any other Person, or any change in the time, manner or place of payment of, or in any other term of, all or any of the Indenture Obligations, or any other amendment or waiver of, or any consent to or departure from, this Indenture or the Notes, including any increase or decrease in the Indenture Obligations;

(c) the taking of security from the Company, the Note Guarantors or any other Person, and the release, discharge or alteration of, or other dealing with, such security;

(d) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court

amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Indenture Obligations and the obligations of the Note Guarantors hereunder;

(e) the abstention from taking security from the Company, the Note Guarantors or any other Person or from perfecting, continuing to keep perfected or taking advantage of any security;

(f) any loss, diminution of value or lack of enforceability of any security received from the Company, the Note Guarantors or any other Person, and including any other guarantees received by the Trustee;

(g) any other dealings with the Company, the Note Guarantors or any other Person, or with any security;

(h) the Trustee's or the Holders' acceptance of or entering into any composition with the Company or the Note Guarantors;

(i) the application by the Holders or the Trustee of all monies at any time and from time to time received from the Company, the Note Guarantors or any other Person on account of any indebtedness and liabilities owing by the Company or the Note Guarantors to the Trustee or the Holders, in such manner as the Trustee or the Holders deem best and the changing of such application in whole or in part and at any time or from time to time, or any manner of application of collateral, or proceeds thereof, to all or any of the Indenture Obligations, or the manner of sale of any Collateral;

(j) the release or discharge of the Company or the Note Guarantors or of any other Guarantor of the Notes or of any Person liable directly as surety or otherwise by operation of law or otherwise for the Notes, other than an express release in writing given by the Trustee, on behalf of the Holders, of the liability and obligations of the Note Guarantors hereunder;

(k) any change in the name, business, capital structure or governing instrument of the Company or the Note Guarantors or any refinancing or restructuring of any of the Indenture Obligations;

(l) the sale of the Company's or the Note Guarantors' business or any part thereof;

(m) subject to Section 13.14, any merger, amalgamation or consolidation, arrangement or reorganization of the Company, the Note Guarantors, any Person resulting from the merger, amalgamation or consolidation of the Company or the Note Guarantors with any other Person or any other successor to such Person or merged, amalgamated or consolidated Person or any other change in the corporate existence, structure or ownership of the Company or the Note Guarantors;

(n) the insolvency, bankruptcy, liquidation, winding-up, dissolution, receivership or distribution of the assets of the Company or its assets or any resulting discharge of any

obligations of the Company (whether voluntary or involuntary) or of a Note Guarantor or the loss of corporate existence;

(o) subject to Section 13.14, any arrangement or plan of reorganization affecting the Company or the Note Guarantors;

(p) any other circumstance (including any statute of limitations) that might otherwise constitute a defense available to, or discharge of, the Company or the Note Guarantors; or

(q) any modification, compromise, settlement or release by the Trustee, or by operation of law or otherwise, of the Indenture Obligations or the liability of the Company or any other obligor under the Notes, or of any Collateral, in whole or in part, and any refusal of payment by the Trustee, in whole or in part, from any other obligor or other guarantor in connection with any of the Indenture Obligations, whether or not with notice to, or further assent by, or any reservation of rights against, the Note Guarantors.

SECTION 13.04. Right to Demand Full Performance. Subject to the First Priority Notes Intercreditor Agreement, in the event of any demand for payment or performance by the Trustee from any of the Note Guarantors hereunder, the Trustee or the Holders shall have the right to demand their full claim and to receive all dividends or other payments in respect thereof until the Indenture Obligations shall have been paid in full, and the Note Guarantors shall continue to be liable hereunder for any balance which may be owing to the Trustee (including the fees and expenses of its agent and counsel) or the Holders by the Company under this Indenture and the Notes. The retention by the Trustee or the Holders of any security, prior to the realization by the Trustee or the Holders of their rights to such security upon foreclosure thereon, shall not, as between the Trustee and the Note Guarantors, be considered as a purchase of such security, or as payment, satisfaction or reduction of the Indenture Obligations due to the Trustee or the Holders by the Company or any part thereof.

SECTION 13.05. Waivers. (a) Each of the Note Guarantors hereby expressly waives (to the extent permitted by law) notice of the acceptance of this Guarantee and notice of the existence, renewal, extension or the nonperformance, nonpayment, or nonobservance on the part of the Company of any of the terms, covenants, conditions and provisions of this Indenture or the Notes or any other notice whatsoever to or upon the Company or the Note Guarantors with respect to the Indenture Obligations. Each of the Note Guarantors hereby acknowledges communication to it of the terms of this Indenture and the Notes and all of the provisions therein contained and consents to and approves the same. Each of the Note Guarantors hereby expressly waives (to the extent permitted by law) diligence, presentment, protest, and any right to require a proceeding first against the Company.

(b) Without prejudice to any of the rights or recourses which the Trustee or the Holders may have against the Company, each of the Note Guarantors hereby expressly waives (to the extent permitted by law) any right to require the Trustee or the Holders to:

(i) initiate or exhaust any rights, remedies or recourse against the Company, the Note Guarantors or any other Person;

(ii) value, realize upon, or dispose of any security of the Company or any other Person held by the Trustee or the Holders; or

(iii) initiate or exhaust any other remedy which the Trustee or the Holders may have in law or equity;

before requiring or becoming entitled to demand payment from any Note Guarantor under this Guarantee.

SECTION 13.06. Note Guarantors Remain Obligated in Event the Company Is No Longer Obligated to Discharge Indenture Obligations. It is the express intention of the Trustee and the Note Guarantors that if for any reason the Company has no legal existence, is or becomes under no legal obligation to discharge the Indenture Obligations owing to the Trustee or the Holders by the Company or if any of the Indenture Obligations owing by the Company to the Trustee or the Holders becomes irrecoverable from the Company by operation of law or for any reason whatsoever, the Guarantees and the covenants, agreements and obligations of the Note Guarantors contained in this Article XIII shall nevertheless be binding upon the Note Guarantors, as principal debtors, until such time as all such Indenture Obligations have been paid in full to the Trustee and all Indenture Obligations owing to the Trustee or the Holders by the Company have been discharged, or such earlier time as Section 4.02 shall apply to the Notes and the Note Guarantors shall be responsible for the payment thereof to the Trustee or the Holders upon demand.

SECTION 13.07. Waiver of Rights. Each of the Note Guarantors agrees (to the extent permitted by law) that it hereby waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, exoneration, contribution, indemnity or subrogation (whether contractual, under Section 509 of Title Eleven of the United States Code, under common law or otherwise) or any similar rights or "claims" (as such term is defined under Title Eleven of the United States Code), against the Company or any Restricted Subsidiary arising from the existence of, or performance by, the Note Guarantors under this Guarantee, until such time as the Indenture Obligations have been paid in full.

SECTION 13.08. Guarantees Are in Addition to Other Security. The Guarantees shall be in addition to and not in substitution for any other guarantees or other security which the Trustee may now or hereafter hold in respect of the Indenture Obligations owing to the Trustee or the Holders by the Company and (except as may be required by law) the Trustee shall be under no obligation to marshal in favor of the Note Guarantors any other guarantees or other security or any moneys or other assets which the Trustee may be entitled to receive or upon which the Trustee or the Holders may have a claim.

SECTION 13.09. Release of Security Interests. Without limiting the generality of the foregoing and except as otherwise provided in this Indenture, each of the Note Guarantors hereby consents and agrees, to the fullest extent permitted by applicable law, that the rights of the Trustee hereunder, and the liability of each of the Note Guarantors hereunder, shall not be affected by any and all releases for any purpose of any Collateral, if any, from the Liens and security interests created by any document relating thereto and that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the

Indenture Obligations is rescinded or must otherwise be returned by the Trustee upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made. Notwithstanding any of the foregoing, NBI shall be released from its obligations as Note Guarantor upon the Company's request if all of the Class B Shares owned by NBI and pledged as part of the Pledged Share Collateral have been released from the security interest in favor of the Collateral Agent as permitted by and in accordance with the provisions of this Indenture and/or the Security Agreement.

SECTION 13.10. No Bar to Further Actions. Except as provided by law, no action or proceeding brought or instituted under this Article XIII and this Guarantee and no recovery or judgment in pursuance thereof shall be a bar or defense to any further action or proceeding which may be brought under this Article XIII and this Guarantee by reason of any further default or defaults under this Article XIII and this Guarantee or in the payment of any of the Indenture Obligations owing by the Company.

SECTION 13.11. Failure to Exercise Rights Shall Not Operate as a Waiver; No Suspension of Remedies. (a) No failure to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, power, privilege or remedy under this Article XIII and this Guarantee shall operate as a waiver thereof, nor shall any single or partial exercise of any rights, power, privilege or remedy preclude any other or further exercise thereof, or the exercise of any other rights, powers, privileges or remedies. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided in law or equity.

(b) Nothing contained in this Article XIII shall limit the right of the Trustee or the Holders to take any action to accelerate the maturity of the Notes pursuant to Article V or to pursue any rights or remedies hereunder or under applicable law.

SECTION 13.12. Trustee's Duties; Notice to Trustee. (a) Any provision in this Article XIII or elsewhere in this Indenture allowing the Trustee to request any information or to take any action authorized by, or on behalf of a Note Guarantor, shall be permissive and shall not be obligatory on the Trustee except as the Holders may direct in accordance with the provisions of this Indenture.

(b) The Trustee shall not be required to inquire into the existence, powers or capacities of the Company, the Note Guarantors or the officers, directors or agents acting or purporting to act on their respective behalf.

(c) Notwithstanding the provisions of this Article XIII or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Notes, unless and until the Trustee shall have received written notice thereof from a Note Guarantor; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 6.01, shall be entitled in all respects to assume that no such facts exist; *provided, however,* that if the Responsible Officer of the Trustee shall not have received any such notice from a Note Guarantor at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest on any Note), then, anything herein

contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date; nor shall the Trustee be charged with knowledge of the curing of any such default or the elimination of the act or condition preventing any such payment unless and until the Responsible Officer of the Trustee shall have received an Officers' Certificate to such effect.

(d) In the case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article XIII shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article XIII in addition to or in place of the Trustee; *provided, however*, that this Section shall not apply to the Company or any Affiliate of the Company if the Company or such Affiliate acts as Paying Agent.

SECTION 13.13. Successors and Assigns. All terms, agreements and conditions of this Article XIII shall extend to and be binding upon each Note Guarantor and its successors and permitted assigns and shall enure to the benefit of and may be enforced by the Trustee and its successors and assigns; *provided, however*, that neither Note Guarantor may assign any of its rights or obligations hereunder other than in accordance with Article VIII.

SECTION 13.14. Release of Guarantee. Concurrently with the payment in full of all of the Indenture Obligations, the Note Guarantors shall be released from and relieved of its obligations under this Article XIII. Upon the delivery by the Company to the Trustee of an Officers' Certificate and, if requested by the Trustee, an Opinion of Counsel to the effect that the transaction giving rise to the release of the Guarantees was made by the Company in accordance with the provisions of this Indenture and the Notes, the Trustee shall execute any documents reasonably required in order to evidence the release of each Note Guarantor from its obligations under the Guarantees. If any of the Indenture Obligations are revived and reinstated after the termination of the Guarantees, then all of the obligations of the Note Guarantors under this Guarantee shall be revived and reinstated as if this Guarantee had not been terminated until such time as the Indenture Obligations are paid in full, and the Note Guarantors shall enter into an amendment to this Guarantee, reasonably satisfactory to the Trustee, evidencing such revival and reinstatement.

SECTION 13.15. Execution of Guarantees. To evidence the Guarantees, each of the Note Guarantors hereby agrees to execute a guarantee substantially in the form set forth in Exhibit A, to be endorsed on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Note Guarantor by its Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Notes may be manual or facsimile.

SECTION 13.16. Payment Permitted by Note Guarantors if No Default. Nothing contained in this Article XIII, elsewhere in this Indenture or in any of the Notes shall prevent a

Note Guarantor from making payments at any time of principal of, premium, if any, or interest on the Notes.

ARTICLE XIV

Security

SECTION 14.01. Security. In order to secure the due and punctual payment of the Indenture Obligations and the Guarantee Obligations, when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, call for redemption or otherwise, and performance of all other obligations of the Company and Note Guarantors, to the Holders or the Trustee under this Indenture and in respect of the Notes, according to the terms hereof or thereof:

(a) the Company will grant a security interest over its right, title and interest in and to the Pledged Agreement and RMI will grant a security interest over its right, title and interest in and to the Services Agreement, and

(b) each of the Company and NBI will grant a security interest over its right, title and interest in and to the Pledged Share Collateral,

to the Collateral Agent on behalf of the Trustee and the Holders pursuant to the Security Documents and to the extent therein provided, no later than the Issue Date.

Subject to the First Priority Notes Indenture, the First Priority Notes and the First Priority Notes Security Agreement, at the time the Security Documents are executed:

(i) the Company will have full right, power and lawful authority to grant, bargain, sell, release, convey, hypothecate, assign, mortgage, transfer and confirm, absolutely, its rights and interests under the Support Agreement, and

(ii) the Company and NBI will have full right, power and lawful authority to grant, bargain, sell, release, convey, hypothecate, assign, mortgage, transfer and confirm, absolutely, the property constituting the Pledged Share Collateral,

each in the manner and form done, or intended to be done, in the Security Documents, free and clear of all Liens, whatsoever (other than Permitted Liens), and, subject to the First Priority Notes Indenture, the First Priority Notes and the First Priority Notes Security Agreement, each of the Company, RMI and NBI will: (a) for so long as the Notes and the Guarantees are outstanding, warrant and defend the title to the same against the claims of all Persons whatsoever (unless the Senior Notes Collateral is released as provided herein, in the Security Documents, in the First Priority Intercreditor Agreement or in the Intercreditor Agreement), (b) execute, acknowledge and deliver to the Collateral Agent and the Trustee such further assignments, transfers, assurances or other instruments as the Collateral Agent or the Trustee may require or request and (c) do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the Collateral Agent or the Trustee, to assure and confirm to the Collateral Agent and the Trustee the security interest in the Senior Notes Collateral contemplated hereby

and by the Security Documents, or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Guarantees secured hereby, according to the intent and purposes herein expressed. The Security Documents will create a direct and valid Lien on the property constituting the Senior Notes Collateral as set forth in the Security Documents.

The Senior Notes Collateral shall secure (i) the Indenture Obligations and the obligations under the Guarantees, and performance of all other obligations of the Company and Note Guarantors, up to the amount outstanding from time to time under the Notes and (ii) subject to the terms, conditions and limitations of the First Priority Notes Security Agreement and the First Priority Intercreditor Agreement, the obligations of the Company and the Note Guarantors under the First Priority Notes. The claims of Holders against the Senior Notes Collateral will be subject to the First Priority Intercreditor Agreement and the Intercreditor Agreement. The Holders hereby authorize and direct the Trustee, or a Co-Trustee appointed by the Trustee, to enter into the First Priority Intercreditor Agreement and the Intercreditor Agreement on their behalf.

SECTION 14.02. Additional Security. To the extent provided in the Indenture or Security Agreement, the assets, properties and contract rights constituting the Senior Notes Collateral may in the future be expanded in accordance with the terms of the Security Agreement.

SECTION 14.03. Recording and Opinions. The Company and each of the Note Guarantors will cause, at their own expense, the Security Documents, this Indenture and all amendments or supplements thereto to be registered, recorded and filed or re-recorded, re-filed and renewed in such manner and in such place or places, if any, as may be required by law in order fully to preserve and protect the Liens created by the Security Documents on all parts of the Senior Notes Collateral and to effectuate and preserve the security of the Holders and all rights of the Trustee and the Collateral Agent.

The Company and each of the Note Guarantors shall furnish to the Trustee:

(a) promptly after the execution and delivery of the Security Documents, an Opinion of Counsel either (i) stating that, in the opinion of such counsel, this Indenture and the assignment of the Senior Notes Collateral intended to be made by the Security Documents and all other instruments of further assurance or amendment have been properly recorded, registered and filed to the extent necessary to make effective the Lien intended to be created by the Security Documents, and reciting the details of such action or referring to prior opinions of counsel in which such details are given, and stating that as to the Security Documents such recording, registering and filing are the only recordings, registrations and filings necessary to give notice thereof and that no re-recordings, re-registrations or re-filings are necessary to maintain such notice, and further stating that all financing statements, continuation statements (or the equivalent thereof under the laws of Canada and any other relevant jurisdictions) and other instruments of further assurance have been executed and filed that are necessary fully to preserve and protect the rights of the Collateral Agent on behalf of the Holders and the Trustee

hereunder and under the Security Documents, or (ii) stating that, in the opinion of such counsel, no such action is necessary to make such Lien and assignment effective; and

(b) within 30 days after July 1 in each year beginning with July 1, 2005, an Opinion of Counsel, dated as of such date, either (a) stating that, in the opinion of such counsel, such action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of all supplemental indentures, financing statements, continuation statements (or the equivalent thereof under the laws of Canada and any other relevant jurisdictions) or other instruments of further assurance as is necessary to maintain the Lien of the Security Documents and reciting the details of such action or referring to prior opinions of counsel in which such details are given, and stating that all financing statements and continuation statements or the equivalent thereof under the laws of Canada and any other relevant jurisdiction have been executed and filed that are necessary fully to preserve and protect the rights of the Collateral Agent on behalf of the Holders and the Trustee hereunder and under the Security Documents, or (b) stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien and assignment.

SECTION 14.04. Release and Disposition of Collateral. (a) From and after a Collateral Transfer (as defined in the Security Agreement), the Senior Notes Collateral shall be subject to release solely as permitted below or in the Security Documents:

(i) upon the payment of all principal, premium, if any, and interest under this Indenture and the Notes, the Security Documents shall terminate and the Senior Notes Collateral shall be released from the Lien created by this Indenture and the Security Documents;

(ii) with respect to any of the Pledged Share Collateral, in the event of a redemption or repurchase in part of the Notes that is permitted or required by this Indenture, such number of Class B Shares shall be released from the security interest in favor of the Collateral Agent upon the Company's request in writing to the Collateral Agent and the Trustee, together with any Officers' Certificate and Opinion of Counsel required under this Indenture, as bears the same proportion to the total number of Class B Shares comprising the Pledged Share Collateral as of the Issue Date as the proportion of the principal amount of Notes redeemed or repurchased to the original principal amount of Notes issued on the Issue Date, *provided* that the total number of Class B Shares comprising the Pledged Share Collateral after any portion thereof is released from the Lien under this Indenture and the Security Documents shall have an aggregate Current Market Price on the date of such release that is not less than 200 percent of the principal amount of Notes and First Priority Notes remaining Outstanding after giving effect to such redemption or repurchase;

(iii) with respect to any of the Pledged Share Collateral, in the event of a redemption or repurchase in part of the Notes that is permitted or required by this Indenture, such number of Class B Shares shall be released from the security interest in favor of the Collateral Agent upon the Company's request in writing to the Collateral Agent and the Trustee, together with any Officers' Certificate and Opinion of Counsel

required under this Indenture, as bears the same proportion to the total number of Class B Shares comprising the Pledged Share Collateral as of the Issue Date as the proportion of the principal amount of Notes redeemed or repurchased to the original principal amount of Notes issued on the Issue Date, *provided* that the total number of Class B Shares comprising the Pledged Share Collateral after any portion thereof is released from the Lien under this Indenture and the Security Documents shall have an aggregate Current Market Price on the date of such release that is not less than 200 percent of the principal amount of Notes and First Priority Notes remaining Outstanding after giving effect to such redemption or repurchase;

(iv) upon a redemption of all of the Notes effected by the Company in accordance with Article XI, or legal defeasance effected by the Company in accordance with Article IV or upon a satisfaction and discharge effected by the Company in accordance with Article XII, all of the Senior Notes Collateral shall be released;

(v) upon the deposit by the Company in the Collateral Account with the Collateral Agent, as security for the Company's payment obligations with respect to that portion of the outstanding principal amount of the Notes (the "Cash Collateralized Notes") specified in a notice to the Trustee, cash in United States dollars, U.S. Government Obligations, or a combination thereof, in such amounts (the "Cash Collateralized Note Amount") as will be sufficient, in the opinion of a recognized firm of independent public accountants nationally recognized in the United States or in Canada, to pay and discharge the principal of, premium, if any; and interest on the Cash Collateralized Notes on the Stated Maturity, such number of Class B Shares as the Company may request in writing to the Trustee and the Collateral Agent, together with any Officers' Certificate and Opinion of Counsel required under this Indenture, shall be released from the Lien under this Indenture and the Security Documents in favor of the Collateral Agent as bears the same proportion to the total number of Class B Shares comprising the Pledged Share Collateral as of the Issue Date as the proportion of the aggregate principal amount of the Cash Collateralized Notes to the original principal amount of Notes issued on the Issue Date, *provided* that the total number of Class B Shares comprising the Pledged Share Collateral after any portion thereof is released pursuant to this provision shall have an aggregate Current Market Price on the date of such release that is not less than 200 percent of the aggregate principal amount of Notes and First Priority Notes Outstanding (excluding the Cash Collateralized Notes); or

(vi) by consent of Holders of 90% or more of the outstanding principal amount of the Notes, the Holders may elect to consent to the release of their Lien in the Senior Notes Collateral.

(b) The release of any portion of the Senior Notes Collateral from the Lien under this Indenture and the Security Documents pursuant to the terms hereof and of the Security Documents will not be deemed to impair the security interest under this Indenture in contravention of the provisions hereof. To the extent applicable, the Company and the Note Guarantors shall cause Trust Indenture Act § 314(d) relating to the release of property from the Lien under the Security Documents to be complied with. Any certificate or opinion required by Trust Indenture Act § 314(d) may be made by an Officer of the Company, except in cases in

which Trust Indenture Act § 314(d) requires that such certificate or opinion be made by an independent Person.

SECTION 14.05. Enforcement of Claims Against Collateral. From and after a Collateral Transfer (as defined in the Security Agreement), if the Notes become due and payable prior to their final Stated Maturity for any reason or are not paid in full at the final Stated Maturity and no payment has been made following a demand on either of the Guarantees, the Collateral Agent and the Trustee have the right to foreclose or otherwise realize upon the relevant Collateral in accordance with instructions from Holders of a majority in aggregate principal amount of the Notes. The proceeds received by the Collateral Agent and the Trustee upon a foreclosure or realization will be applied by the Collateral Agent and the Trustee first to pay the expenses of such foreclosure or realization and fees and other amounts then payable to the Collateral Agent and the Trustee under this Indenture, the Intercreditor Agreement and the Security Documents, and thereafter, to pay all amounts owing to Holders under this Indenture, the Notes and the Security Documents. Any remaining proceeds will be payable to the Company or as may otherwise be required.

SECTION 14.06. Authorization of Actions To Be Taken by the Trustee. Subject to the provisions of the Security Documents, the First Priority Intercreditor Agreement, the Intercreditor Agreement, the First Priority Notes Indenture, the First Priority Notes and the First Priority Notes Security Agreement, the Trustee shall have power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Senior Notes Collateral by any acts which may be unlawful or in violation of the Security Documents and the Intercreditor Agreement, or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders in the Senior Notes Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or governmental enactment, rule, or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of the Holders or the Trustee). Notwithstanding anything herein or in any of the Security Documents to the contrary, subject to Article VI hereof, the Trustee assumes no responsibility for the validity, perfection, priority or enforceability of the security interest in any of the Senior Notes Collateral and shall have no obligation to take any action to procure or maintain such validity, perfection, priority or enforceability.

* * * *

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be
duly executed, all as of the day and year first above written.

HOLLINGER INC.

By Peter G. White

Name:

Title:

RAVELSTON MANAGEMENT INC.,
solely in its capacity as Guarantor

By Peter G. White

Name:

Title:

504468 N.B. INC., solely in its capacity as
Guarantor

By Peter G. White

Name:

Title:

THE RAVELSTON CORPORATION
LIMITED

By Peter G. White

Name:

Title:

SUGRA LIMITED

By Peter E. Vult

Name:

Title:

HSBC BANK USA, NATIONAL
ASSOCIATION, not in its individual
capacity, but solely as Trustee hereunder

By _____

Name:

Title:

SUGRA LIMITED

By _____
Name:
Title:

Attest: _____
Name:
Title:

HSBC BANK USA, NATIONAL
ASSOCIATION, not in its individual
capacity, but solely as Trustee hereunder

By Herawatee Ali
Name: Herawatee Ali
Title: Assistant Vice President

SCHEDULE 1

PERMITTED INDEBTEDNESS

<u>Debtor</u>	<u>Creditor</u>	<u>Amount</u>
Hollinger Inc.	Domgroup Ltd.	Cdn. \$9,927,102
Sugra Limited	The Ravelston Corporation Limited	Cdn. \$7,632,661
Sugra Limited	3016296 Nova Scotia Company	Cdn. \$1,090,000
Sugra Limited	Sugra (Bermuda) Limited	Cdn. \$776,012
Sugra Limited	Hollinger Canadian Publishing Holdings Co.	Cdn. \$17,371
Hollinger Inc.	Hollinger Canadian Publishing Holdings Co.	Cdn. \$5,717
Holcay Holdings Ltd.	Domgroup Ltd.	Cdn. \$2,288,052
JP Publishing International Inc.	Domgroup Ltd.	Cdn. \$20,521

EXHIBIT A

FORM OF NOTE

EXHIBIT B

FORM OF TRANSFER CERTIFICATE FOR TRANSFER TO QIB

[Date]

HSBC Bank USA, National Association
Corporate Trust
452 Fifth Avenue
New York, New York 10018

Re: 11.875% Senior Secured Notes due 2011 (the "Notes") of
Hollinger Inc. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of September 30, 2004 (as amended and supplemented from time to time, the "Indenture"), among the Company, Ravelston Management Inc., 504468 N.B. Inc., The Ravelston Corporation Limited, Sugra Limited and HSBC Bank USA, National Association, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to the transfer of \$_____ aggregate principal amount of Notes [in the case of a transfer of an interest in a Regulation S Global Note: which represents an interest in a Regulation S Global Note beneficially owned] by the undersigned (the "Transferor"), to effect the transfer of such Notes in exchange for an equivalent beneficial interest in the Rule 144A Global Note.

In connection with such request, and with respect to such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with Rule 144A under the Securities Act of 1933, as amended ("Rule 144A"), to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account or an account with respect to which the transferee exercises sole investment discretion, and the transferee, as well as any such account, is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with applicable securities laws of any state of the United States or any other jurisdiction.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

EXHIBIT C

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH
TRANSFERS PURSUANT TO REGULATION S

HSBC Bank USA, National Association
Corporate Trust
452 Fifth Avenue
New York, New York 10018

Re: 11.875% Senior Secured Notes due 2011 (the "Notes") of
Hollinger Inc. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of September 30, 2004 (as amended and supplemented from time to time, the "Indenture"), among the Company, Ravelston Management Inc., 504468 N.B. Inc., The Ravelston Corporation Limited, Sugra Limited and HSBC Bank USA, National Association, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with the proposed sale of \$_____ aggregate principal amount of the Notes [in the case of a transfer of an interest in a Rule 144A Global Note: which represents an interest in a Rule 144A Global Note beneficially owned] by the undersigned (the "Transferor"), we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended ("Regulation S"), and, accordingly, we represent that:

- (a) the offer of the Notes was not made to a person in the United States;
- (b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;
- (c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;
- (d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and
- (e) we are the beneficial owner of the principal amount of Notes being transferred.

In addition, if the sale is made during a Distribution Compliance Period and the provisions of Rule 904(b)(1) or Rule 904(b)(2) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 904(b)(1) or Rule 904(b)(2), as the case may be.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this letter have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

EXHIBIT D

FORM OF RULE 144 CERTIFICATION

[Date]

HSBC Bank USA, National Association
Corporate Trust
452 Fifth Avenue
New York, New York 10018

Re: 11.875% Senior Secured Notes due 2011 (the "Notes") of
Hollinger Inc. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of September 30, 2004 (as amended and supplemented from time to time, the "Indenture"), among the Company, Ravelston Management Inc., 504468 N.B. Inc., The Ravelston Corporation Limited, Sugra Limited and HSBC Bank USA, National Association, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with the proposed sale of \$_____ aggregate principal amount of the Notes [in the case of a transfer of an interest in a Rule 144A Global Note: which represents an interest in a Rule 144A Global Note beneficially owned] by the undersigned (the "Transferor"), we confirm that such sale has been effected pursuant to and in accordance with Rule 144 under the Securities Act.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT (this "*Agreement*") dated as of [], 200__, among HSBC BANK USA, NATIONAL ASSOCIATION ("*HSBC*"), as Trustee and Collateral Agent under the Senior Note Documents (as defined below) (in its capacities as Trustee and Collateral Agent for the benefit of the holders (the "*Senior Noteholders*") of the notes issued from time to time under the Senior Note Documents (the "*Senior Notes*") and together with any of its permitted successors and assigns, the "*Senior Note Agent*") [and] [NAME EACH BANK SECURED PARTY] (collectively, and/or as represented by an agent under the Bank Documents (as defined below), together with any other secured parties specified from time to time in the Bank Documents (as defined below), and each of their respective successors and assigns, the "*Bank Secured Parties*").

PRELIMINARY STATEMENTS:

(1) HSBC has entered into an Indenture, dated as of September 30, 2004, (as amended, amended and restated, or otherwise modified or supplemented from time to time, the "*Indenture*") among itself as Trustee and Collateral Agent for the benefit of the Senior Noteholders, Hollinger Inc., as issuer of the Senior Notes (the "*Company*"), each of Ravelston Management Inc. ("*RMI*") and 504468 N.B. Inc. ("*504468*") as guarantors thereunder (RMI and 504468 being collectively, the "*Guarantors*" and, collectively with the Company, the "*Obligor Parties*"), Sugra Limited and The Ravelston Corporation Limited;

(2) The Senior Notes and the guarantees of the obligations thereunder (the "*Guarantees*") by the Guarantors are secured by security interests held by the Senior Note Secured Parties (as defined below) in the Senior Notes Collateral (as defined in the Indenture).

(3) The Company and 504468 intend to incur or guarantee indebtedness in the form of secured loans from the Bank Secured Parties, pursuant to a credit agreement and certain other security documents and other agreements or documents related thereto (such credit agreement and all such security agreements or other agreements or documents, whether effective presently or in the future, and as amended, amended and restated, or otherwise modified or supplemented from time to time, being collectively, the "*Bank Documents*");

(4) The Bank Indebtedness (as defined below) will be secured by security interests held by the Bank Secured Parties in any of the assets, properties and rights of the Company or 504468 that are not pledged as collateral for the First Priority Notes or the Senior Notes pursuant to the Security Agreement or the First Priority Notes Security Agreement (the "*Bank Collateral*"); and

(5) The ability under the Indenture of the Obligor Parties to enter into the Bank Documents is conditioned upon the parties hereto entering into this Agreement to, inter alia, confirm their relative rights with respect to the Senior Note Documents, the Bank Documents, and the assets, properties and rights of the Obligor Parties constituting the Senior Notes Collateral and the Bank Collateral.

NOW THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Senior Note Agent, on behalf of itself and the other Senior Note Secured Parties, and each of the Bank Secured Parties hereby agree as follows:

SECTION 1. Definitions. As used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Bank Indebtedness" shall mean all obligations of the Obligor Parties (including, without limitation, interest accruing after the commencement of a bankruptcy proceeding by or against any of the Obligor Parties) to the Bank Secured Parties evidenced by or arising under any one or more of the Bank Documents, all whether fixed or contingent, matured or unmatured, liquidated or unliquidated, and whether arising under contract, in tort or otherwise.

"Collateral Transfer" shall have the meaning set forth in the Security Agreement.

"First Priority Senior Note Secured Parties" shall mean the Trustee and the Collateral Agent, the Holders, any other secured parties specified from time to time in the Senior Note Documents, and each of their respective successors and assigns (in each case, as such terms are defined in the First Priority Notes Indenture).

"PPSA" shall mean the Personal Property Security Act (Ontario) (or any successor statute) or similar legislation of any other jurisdiction the laws of which are required by such legislation to be applied in connection with the issue, perfection, enforcement, validity or effect of security interests.

"Senior Note Documents" shall mean, collectively, the Indenture, the Senior Notes, the Guarantees, the Security Agreement and all agreements, instruments and documents relating thereto, whether effective presently or in the future, and as amended, amended and restated, or otherwise modified or supplemented from time to time.

"Senior Note Indebtedness" shall mean all obligations of the Obligor Parties (including, without limitation, interest accruing after the commencement of a bankruptcy proceeding by or against any of the Obligor Parties) to the Senior Note Secured Parties evidenced by or arising under any one or more of the Senior Note Documents, all whether fixed or contingent, matured or unmatured, liquidated or unliquidated, and whether arising under contract, in tort or otherwise.

"Senior Note Secured Parties" shall mean, collectively, the Senior Note Agent, the Senior Noteholders, any other secured parties specified from time to time in the Senior Note Documents, and each of their respective successors and assigns.

"UCC" shall mean the Uniform Commercial Code as in effect in the applicable jurisdiction from time to time.

All other capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

SECTION 2. No Third Party Beneficiaries. All undertakings, agreements, representations and warranties contained in this Agreement are solely for the benefit of the Senior Note Secured Parties and the Bank Secured Parties and there are no other parties (including, without limitation, the Obligor Parties or any of their Affiliates) who are intended to be benefited in any way by this Agreement. The existence of this Agreement shall not commit or obligate the Senior Note Secured Parties or the Bank Secured Parties to make loans or extend credit to any of the Obligor Parties.

SECTION 3. Reservation of Security Interests as Against Other Parties. Nothing contained in this Agreement is intended to affect or limit in any way the security interests and/or liens the Senior Note Secured Parties, on the one hand, and the Bank Secured Parties, on the other hand, have in or on any or all of the property and assets of the Obligor Parties, whether tangible or intangible, insofar as the Obligor Parties and other parties are concerned. The parties hereto specifically reserve all respective security interests and/or liens and rights to assert such security interests and/or liens as against the Obligor Parties and other parties.

SECTION 4. Priority of Security Interests. Irrespective of (a) the time, order, manner or method of creation, attachment or perfection of the respective security interests and/or liens granted to the Senior Note Secured Parties or the Bank Secured Parties in or on any or all of the properties or assets of the Obligor Parties, (b) the time or manner of the filing of their respective financing statements, (c) whether the Senior Note Secured Parties or the Bank Secured Parties or any bailee or agent thereof holds possession of any or all of the property or assets of the Obligor Parties, (d) the dating, execution or delivery of any agreement, document or instrument granting Senior Note Secured Parties or the Bank Secured Parties security interests and/or liens in or on any or all of the properties or assets of the Obligor Parties, (e) the giving or failure to give notice of the acquisition or expected acquisition of any purchase money or other security interests and (f) any provision of the PPSA, UCC or any other applicable law to the contrary:

- (i) any and all security interests, liens, rights and interests of the Bank Secured Parties, whether now or hereafter arising or existing, in or on any or all of the assets of the Obligor Parties shall be limited to the Bank Collateral and shall not otherwise in any manner or for any purpose apply to any or all security interests, liens, rights and interests of the Senior Note Secured Parties in and to the Senior Notes Collateral; and
- (ii) any and all security interests, liens, rights and interests of the Senior Note Secured Parties, whether now or hereafter arising or existing, in or on any or all of the assets of the Obligor Parties shall be limited to the Senior Notes Collateral and shall not otherwise in any manner or for any purpose apply to any or all security interests, liens, rights and interests of the Bank Secured Parties in and to the Bank Collateral.

For purposes of the foregoing allocation of priorities, any claim of a right of set-off shall be treated in all respects as a security interest and no claimed right of set-off shall be asserted to defeat or diminish the rights or priorities provided for herein.

SECTION 5. Standstill. (a) Upon an event of default under any one or more of the Bank Documents, each Bank Secured Party agrees that before it accelerates or demands payment of any of the Bank Indebtedness or commences proceedings to enforce its rights in any of the Bank Collateral (any such action being a "*Bank Enforcement Action*") it will provide written notice (a "*Bank Enforcement Notice*") of such default to the Senior Note Secured Parties and will thereafter refrain from taking any such Bank Enforcement Action for the shorter of (i) the period commencing on the date of the giving of the Bank Enforcement Notice and expiring 30 days thereafter and (ii) the period commencing on the date of the giving of the Bank Enforcement Notice and expiring on the date on which (A) any Senior Note Secured Party accelerates or demands payment of any of the Senior Note Indebtedness or commences proceedings to enforce its rights in any of the Senior Notes Collateral or (B) any proceedings by or against the Company or 504468 are commenced under Bankruptcy Law (such period being the "*Bank Standstill Period*").

(b) The Bank Secured Parties shall have no right to take any action with respect to the Senior Notes Collateral, whether by judicial or non judicial foreclosure, notification to any account debtor of an Obligor Party, the seeking of the appointment of a receiver or any similar trustee or agent for any portion of the property or assets of any Obligor Party or otherwise (other than the Bank Collateral), or to take possession of any of the Senior Notes Collateral.

(c) The Senior Note Secured Parties shall have no right to take any action with respect to the Bank Collateral, whether by judicial or non judicial foreclosure, notification to any account debtor of an Obligor Party, the seeking of the appointment of a receiver or any similar trustee or agent for any portion of the property or assets of any Obligor Party or otherwise (other than the Senior Notes Collateral), or to take possession of any of the Bank Collateral.

SECTION 6. Option to Purchase Bank Indebtedness. After receiving a Bank Enforcement Notice and during the Bank Standstill Period, the Senior Note Secured Parties shall have the option (but not the obligation) to purchase the Bank Indebtedness (and all liens and security interests securing the payment thereof) by paying the Bank Secured Parties an amount equal to the then outstanding Bank Indebtedness proposed to be purchased or such amount as the Senior Note Secured Parties and the Bank Secured Parties may otherwise agree. Upon the exercise of such option by the Senior Note Secured Parties, the Bank Secured Parties shall assign all of their right, title and interest in and to the amount of Bank Indebtedness so purchased, the Bank Documents and any related documents to the Senior Note Secured Parties without recourse or warranty, whereupon the Bank Secured Parties shall be relieved of any further obligation with respect to the Bank Documents and whereupon the terms and provisions of this Agreement shall cease to be of force and effect as to that amount of Bank Indebtedness so purchased.

SECTION 7. Rights of Senior Note Secured Parties. Upon the occurrence of any event of default under the Senior Note Documents, the Senior Note Secured Parties shall have the right at any time, upon the giving of notice to the Bank Secured Parties to accelerate any or all of the

Senior Note Indebtedness, to undertake foreclosure proceedings with respect to the Senior Notes Collateral, whether by judicial or non judicial foreclosure, notification to any account debtor of a Obligor Party, the seeking of the appointment of a receiver for any portion of the property or assets of any Obligor Party or otherwise, to take possession of any of the Senior Notes Collateral, to commence insolvency proceedings against any Obligor Party, and to pursue any other remedies available to such Senior Note Secured Parties pursuant to the Senior Note Documents or applicable law.

SECTION 8. Release of Collateral. (a) Each Bank Secured Party agrees that it shall not have any Lien whatsoever in any or all of the Senior Notes Collateral.

(b) Each Senior Note Secured Party agrees that it shall not have any Lien whatsoever in any or all of the Bank Collateral.

(c) Each of the Bank Secured Parties agrees that any collection, sale or other disposition of any or all of the Senior Notes Collateral by any Senior Note Secured Party (whether pursuant to the UCC, PPSA or otherwise) shall be free and clear of any and all Liens whatsoever of the Bank Secured Parties in such Senior Notes Collateral. At the request of any Senior Note Secured Party, the Bank Secured Parties shall promptly provide the Senior Note Secured Parties with any necessary or appropriate releases to permit the collection, sale or other disposition of any or all of the Senior Notes Collateral by the Senior Note Secured Parties free and clear of any Liens whatsoever of the Bank Secured Parties.

(d) Each of the Senior Note Secured Parties agrees that any collection, sale or other disposition of any or all of the Bank Collateral by any Bank Secured Party (whether pursuant to the UCC, PPSA or otherwise) shall be free and clear of any and all Liens whatsoever of the Senior Note Secured Parties in such Bank Collateral. At the request of any Bank Secured Party, the Senior Note Secured Parties shall promptly provide the Bank Secured Parties with any necessary or appropriate releases to permit the collection, sale or other disposition of any or all of the Bank Collateral by the Bank Secured Parties free and clear of any Liens whatsoever of the Senior Note Secured Parties.

SECTION 9. Turnover of Collateral. In connection with the exercise of the remedies by any of the undersigned:

(a) In the event any payment or distribution to the Bank Secured Parties is made from any of the Senior Notes Collateral upon or with respect to any of the Bank Indebtedness prior to the time all of the Senior Note Indebtedness shall have been fully and finally paid, defeased or discharged in cash and all other obligations of the Obligor Parties pursuant to the Senior Note Documents shall have been fully discharged, the Bank Secured Parties shall receive and hold the same in trust, as trustee, for the benefit of (i) prior to a Collateral Transfer, the First Priority Senior Notes Secured Parties and (ii) from and after a Collateral Transfer, the Senior Note Secured Parties, and shall forthwith deliver the same to the First Priority Senior Note Secured Parties or the Senior Note Secured Parties, as applicable, in precisely the form received (except for the endorsement or assignment of the Bank Secured Parties where necessary) for application against the indebtedness under the First Priority Notes or the Senior Note Indebtedness, as

applicable, whether due or not due, and, until so delivered, the same shall be held in trust by the Bank Secured Parties as the property of the First Priority Senior Note Secured Parties or the Senior Note Secured Parties;

(b) If any payment or distribution otherwise payable or distributable to the Senior Note Secured Parties has been applied, pursuant to Section 9(a) above to the payment of the Bank Indebtedness, then and in such case, the Senior Note Secured Parties shall be subrogated to the rights of the Bank Secured Parties to receive payments and distributions made on the Bank Indebtedness to the extent of the amount of the distribution or payment so made. No payments or distributions to the Senior Note Secured Parties, by reason of subrogation, of any payment or distribution which otherwise would be payable or distributable to the Bank Secured Parties, shall, as between the Obligor Parties and its creditors (other than the Bank Secured Parties), on the one hand, and the Senior Note Secured Parties, on the other hand, be deemed to be a payment by the Obligor Parties on account of the Bank Indebtedness;

(c) In the event any payment or distribution to any Senior Note Secured Party is made from any of the Bank Collateral upon or with respect to any of the Senior Note Indebtedness prior to the time all of the Bank Indebtedness shall have been fully and finally paid, defeased or discharged in cash and all financing arrangements and commitments between the Obligor Parties and the Bank Secured Parties pursuant to the Bank Documents shall have been terminated, such Senior Note Secured Party shall receive and hold the same in trust, as trustee, for the benefit of the Bank Secured Parties and shall forthwith deliver the same to the Bank Secured Parties in precisely the form received (except for the endorsement or assignment of such Senior Note Secured Party where necessary) for application against the Bank Indebtedness, whether due or not due, and, until so delivered, the same shall be held in trust by such Senior Note Secured Party as the property of the Bank Secured Parties; and

(d) If any payment or distribution otherwise payable or distributable to the Bank Secured Parties has been applied, pursuant to Section 9(c) above to the payment of the Senior Note Indebtedness, then and in such case, the Bank Secured Parties shall be subrogated to the rights of the Senior Note Secured Parties to receive payments and distributions made on the Senior Note Indebtedness to the extent of the amount of the distribution or payment so made. No payments or distributions to the Bank Secured Parties, by reason of subrogation, of any payment or distribution which otherwise would be payable or distributable to the Senior Note Secured Parties, shall, as between the Obligor Parties and its creditors (other than the Senior Note Secured Parties), on the one hand, and the Bank Secured Parties, on the other hand, be deemed to be a payment by the Obligor Parties on account of the Senior Note Indebtedness.

SECTION 10. Agreement not to Contest. (a) Each Bank Secured Party agrees that it shall not directly or indirectly take any action to contest or challenge the privity, validity, legality, enforceability, perfection, priority or avoidability of any of the Senior Note Indebtedness, any of the Senior Note Documents or any of the security interests and/or liens of the Senior Note Secured Parties in or on any of the Senior Notes Collateral or the reasonableness of any action or failure to act in respect of the Senior Notes Collateral, including, without limitation, the timing, method or manner of (i) any consent to disposition by the Obligor Parties of any Senior Notes Collateral or (ii) disposing of or liquidating any Senior Notes Collateral, the

terms, including the price and percentage of consideration received in cash, of any such disposition or liquidation, or any failure to dispose of or liquidate any Senior Notes Collateral, including acceptance of Senior Notes Collateral by the Senior Note Secured Parties in full or partial satisfaction of any Senior Note Indebtedness.

(b) The Senior Note Secured Parties agree that they shall not directly or indirectly take any action to contest or challenge the privity, validity, legality, enforceability, perfection, priority or avoidability of any of the Bank Indebtedness, any of the Bank Documents or any of the security interests and/or liens of the Bank Secured Parties in or on any of the Bank Collateral or the reasonableness of any action or failure to act in respect of the Bank Collateral, including, without limitation, the timing, method or manner of (i) any consent to disposition by the Obligor Parties of any Bank Collateral or (ii) disposing of or liquidating any Bank Collateral, the terms, including the price and percentage of consideration received in cash, of any such disposition or liquidation, or any failure to dispose of or liquidate any Bank Collateral, including acceptance of Bank Collateral by the Bank Secured Parties in full or partial satisfaction of any Bank Indebtedness.

SECTION 11. Agreements. (a) Each Bank Secured Party covenants and agrees with the Senior Note Secured Parties that such Bank Secured Party will not assert or claim the benefit of any marshalling, valuation, appraisal or similar rights that may be available to such party in connection with any enforcement action taken by any Senior Note Secured Party, or oppose, interfere with or otherwise attempt to prevent the Senior Note Secured Parties from enforcing their Liens on any of the Senior Notes Collateral or otherwise realizing upon any of the Senior Notes Collateral.

(b) Each of the Senior Note Secured Parties covenants and agrees with each Bank Secured Party that the Senior Note Secured Parties will not assert or claim the benefit of any marshalling, valuation, appraisal or similar rights that may be available to such party in connection with any enforcement action taken by any Bank Secured Party (provided that such enforcement action is permitted under this Agreement), or oppose, interfere with or otherwise attempt to prevent such Bank Secured Party from enforcing its Liens on any of the Bank Collateral or otherwise realizing upon any of the Bank Collateral.

(c) The parties hereto agree that neither this Agreement, the Senior Note Documents nor the Bank Documents create an agency relationship between the Senior Note Secured Parties and the Bank Secured Parties.

SECTION 12. Insurance Proceeds. (a) In the event of the occurrence of any casualty with respect to any of the Bank Collateral, the Senior Note Secured Parties agree that the Bank Secured Parties shall have the sole and exclusive right to adjust, compromise or settle any such loss with the insurer thereof, and to collect and receive the proceeds from such insurer.

(b) In the event of the occurrence of any casualty with respect to any of the Senior Notes Collateral, the Bank Secured Parties agree that the Senior Note Secured Parties shall have the sole and exclusive right to adjust, compromise or settle any such loss with the insurer thereof, and to collect and receive the proceeds from such insurer.

(c) Any insurer shall be fully protected if it acts in reliance on the provisions of this Section 12.

SECTION 13. Waiver of Certain Rights. (a) Each Bank Secured Party hereby waives any and all rights to (i) require the Senior Note Secured Parties to marshal any property or assets of any Obligor Party comprising the Senior Notes Collateral or to resort to any of the property or assets of any Obligor Party comprising the Senior Notes Collateral in any particular order or manner; or (ii) require any Senior Note Secured Party to enforce any guaranty or any security interest or lien given by any person or entity other than any of the Obligor Parties to secure the payment of any or all of the Senior Note Indebtedness as a condition precedent or concurrent to taking any action against or with respect to the Senior Notes Collateral; and

(b) The Senior Note Secured Parties hereby waive any and all rights to (i) require the Bank Secured Parties to marshal any property or assets of any Obligor Party comprising the Bank Collateral or to resort to any of the property or assets of any Obligor Party comprising the Bank Collateral in any particular order or manner; or (ii) require the Bank Secured Parties to enforce any guaranty or any security interest or lien given by any person or entity other than any of the Obligor Parties to secure the payment of any or all of the Bank Indebtedness as a condition precedent or concurrent to taking any action against or with respect to the Bank Collateral.

SECTION 14. Bankruptcy Financing Issues. (a) This Agreement shall continue in full force and effect after the filing of any petition or like actions or proceedings for relief by or against any Obligor Party under any Bankruptcy Law and all converted or succeeding cases in respect thereof (all references herein to any Obligor Party being deemed to apply to such Person as a debtor-in-possession and to a trustee for such Person) with respect to all Senior Notes Collateral and Bank Collateral acquired by any Obligor Party, and to all Senior Note Indebtedness and Bank Indebtedness incurred by any Obligor Party, subsequent to such filing.

(b) If any Obligor Party shall become subject to a proceeding under Bankruptcy Law, and if the Senior Note Secured Parties shall desire to permit the use of cash collateral by any Obligor Party or to provide post-petition financing from the Senior Note Secured Parties to any Obligor Party, the Bank Secured Parties agree as follows: (a) adequate notice to the Bank Secured Parties shall be deemed to have been provided for such use of cash collateral or such post-petition financing if the Bank Secured Parties receive notice thereof to the extent required by the applicable Bankruptcy Law; and (b) no objection will be raised by the Bank Secured Parties to any such use of cash collateral or such post-petition financing from the Senior Note Secured Parties so long as the Lien of the Bank Secured Parties in the Bank Collateral is not adversely affected thereby.

(c) If any Obligor Party shall become subject to a proceeding under Bankruptcy Law, and if the Bank Secured Parties shall desire to permit the use of cash collateral by any Obligor Party or to provide post-petition financing from the Bank Secured Parties to any Obligor Party, the Senior Note Secured Parties agree as follows: (a) adequate notice to the Senior Note Secured Parties shall be deemed to have been provided for such use of cash collateral or such post-petition financing if the Senior Note Secured Parties receive notice thereof to the extent required by the applicable Bankruptcy Law; and (b) no objection will be raised by the Senior Note

Secured Parties to any such use of cash collateral or such post-petition financing from the Bank Secured Parties so long as the Lien of the Senior Note Secured Parties in the Senior Notes Collateral is not adversely affected thereby.

(d). No objection will be raised by (i) the Bank Secured Parties to any Senior Note Secured Party's motion for relief from automatic stay in any such proceeding to foreclose on, sell or otherwise realize upon the Senior Notes Collateral and (ii) any Senior Note Secured Party to the Bank Secured Parties' motion for relief from automatic stay in any such proceeding to foreclose on, sell or otherwise realize upon the Bank Collateral.

SECTION 15. Assignment of Indebtedness. Each of the Bank Secured Parties and each of the Senior Note Secured Parties represents and warrants that, as of the date hereof, (a) it has not previously assigned any interest in any of the Bank Indebtedness or the Senior Note Indebtedness, as the case may be, (b) no other party owns an interest in any of the Bank Indebtedness or the Senior Note Indebtedness, as the case may be, other than the Bank Secured Parties or the Senior Note Secured Parties (whether as joint holders of any such Indebtedness, as participants or otherwise) and (c) the entire Bank Indebtedness or the Senior Note Indebtedness, as the case may be, is owed only to the Bank Secured Parties and the Senior Note Secured Parties, respectively. Each of the Bank Secured Parties and each of the Senior Note Secured Parties covenants and agrees that the assignment of any such Indebtedness shall be expressly subject to the terms, provisions and conditions of this Agreement and that any purported assignment of any such Indebtedness shall be deemed to be null and void unless the assignee thereof shall agree to be bound by the terms, provisions and conditions of this Agreement.

SECTION 16. Term. This Agreement shall remain in full force and effect until all of the Senior Note Indebtedness or all of the Bank Indebtedness, as the case may be, shall have been fully and finally paid, defeased or discharged in cash and all other obligations of the Obligor Parties under the Senior Note Documents shall have been fully discharged and all financing arrangements and commitments between the Obligor Parties and the Bank Secured Parties, pursuant to the Bank Documents, shall have been terminated. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Note Indebtedness or Bank Indebtedness is rescinded or must otherwise be returned by Senior Note Secured Parties or the Bank Secured Parties upon the insolvency, bankruptcy or reorganization of any Obligor Party or otherwise, all as though such payment had not been made. This is a mutual and continuing agreement and the Senior Note Secured Parties and the Bank Secured Parties may continue to extend credit or other financial accommodations and loan monies to or for the benefit of any Obligor Party, on the faith hereof, under the Senior Note Documents or the Bank Documents or otherwise without notice to the other party hereto.

SECTION 17. Amendment and Release. (a) Any Senior Note Secured Party may at any time and from time to time (i) enter into such agreements with the Obligor Parties as such Senior Note Secured Party may deem proper to the extent not inconsistent or in conflict with, in violation of or in default under this Agreement and (ii) exchange, sell, release, surrender or otherwise deal with any or all of the Senior Notes Collateral as provided in the Senior Note Documents, all without in any way compromising or affecting this Agreement.

(b) Any Bank Secured Party may at any time and from time to time (a) enter into such agreements with any Obligor Party as each Bank Secured Party may deem proper to the extent not inconsistent or in conflict with, in violation of or in default under this Agreement and (b) exchange, sell, release, surrender or otherwise deal with any or all of the Bank Collateral as, provided in the Bank Documents, all without in any way compromising or affecting this Agreement.

SECTION 18. Reliance Waiver of Notices; No Representations and Management of Credit Facilities. All of the Senior Note Indebtedness and Bank Indebtedness shall be deemed to have been made or incurred in reliance upon this Agreement. Each of the Bank Secured Parties and the Senior Note Secured Parties expressly waive all notices not specifically required pursuant to the terms of this Agreement. Each of the Bank Secured Parties and the Senior Note Secured Parties agree that the other party has made no representation or warranty with respect to the due execution, legality, validity, completeness or enforceability of any of the respective documents to which they are a party, the perfection or priority of any Lien securing any or all of the Senior Note Indebtedness or the Bank Indebtedness or the collectibility of any of such Senior Note Indebtedness or Bank Indebtedness. No party shall have any liability to the other for any loss, claim or damage allegedly suffered by such other party in any proceeding to foreclose or otherwise enforce any of its Liens on any of the assets or properties of the Obligor Parties comprising the Senior Notes Collateral or the Bank Collateral, as the case may be.

SECTION 19. Financial Condition of the Obligor Parties. Each of the Bank Secured Parties and the Senior Note Secured Parties hereby assumes responsibility for keeping itself informed of the financial condition of the Obligor Parties and of all other circumstances bearing upon the risk of nonpayment of the Bank Indebtedness or the Senior Note Indebtedness, as applicable, that diligent inquiry would reveal and each such party also hereby agrees that no other party shall have any duty to advise any other of any information regarding such condition or any such circumstances.

SECTION 20. Notices. Any notice, request, demand, consent or other communication hereunder shall be in writing and delivered in person or sent by telecopy or email (in each case confirmed by overnight courier service or by registered or certified mail, return receipt requested and postage prepaid, to the applicable party at its address or telecopy number set forth, as to the Senior Note Secured Parties, to HSBC Bank USA, National Association, 452 Fifth Avenue, New York, New York 10018; Attention: Corporate Trust Division and as to [list contact information for each Bank Secured Party], or at such other address, telecopy number or email address as any party hereto may designate as its address for communications hereunder by notice so given. Such notices shall be deemed effective on the day on which delivered or sent if delivered in person or sent by telecopy or by email, or on the third Business Day after the day on which mailed, if sent by registered or certified mail.

SECTION 21. UCC, PPSA or Bankruptcy Law Notices. If the Senior Note Secured Parties or the Bank Secured Parties shall be required by the UCC, PPSA or Bankruptcy Law or any other applicable law to give notice of any action taken or to be taken with respect to any or all of the Senior Notes Collateral or the Bank Collateral, as the case may be, such notice shall be

given in accordance with Section 20 above and five (5) days' notice shall be conclusively deemed to be commercially reasonable.

SECTION 22. Further Assurances. Each Bank Secured Party and each Senior Note Secured Party hereby covenants and agrees to take any and all additional actions and execute, deliver, file and/or record any and all additional agreements, documents and instruments as may be necessary or as such party may from time to time reasonably request to effect the other provisions of this Agreement.

SECTION 23. Modifications in Writing. No amendment, modification, supplement, termination, consent or waiver of or to any provision of this Agreement nor any consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by or on behalf of each of the Bank Secured Parties and, in the case of the Senior Note Secured Parties, the Collateral Agent. Any waiver of any provision of this Agreement, and any consent to any departure from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 24. Waivers; Failure Or Delay. No failure or delay on the part of any Bank Secured Party or any Senior Note Secured Party in the exercise of any power, right, remedy or privilege under this Agreement shall impair such power, right, remedy or privilege or shall operate as a waiver thereof; nor shall any single or partial exercise of any such power, right, remedy or privilege preclude any other or further exercise of any other power, right, remedy or privilege. The waiver of any such right, power, remedy or privilege with respect to particular facts and circumstances shall not be deemed to be a waiver with respect to other facts and circumstances.

SECTION 25. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be effective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

SECTION 26. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Bank Secured Parties and the Senior Note Secured Parties and their respective successors and assigns.

SECTION 27. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York. EACH OF THE BANK SECURED PARTIES AND THE SENIOR NOTE SECURED PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH THE BANK SECURED PARTIES AND THE SENIOR NOTE SECURED PARTIES ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

(b) Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of New York or the federal courts of the United States located in The City of New York, and each of the Bank Secured Parties and the Senior Note Secured Parties consents to the jurisdiction of such courts. Each of the Bank Secured Parties and the Senior Note Secured Parties irrevocably waives any objection, including any objection to the laying of venue or based on *forum non conveniens*, which it may have to the bringing of any action or proceeding in such jurisdiction with respect to this Agreement. Notwithstanding the foregoing, (i)(A) the Senior Note Secured Parties shall have the right to bring any action or proceeding against the Bank Secured Parties and their property in the courts of any other jurisdiction the Senior Note Secured Parties deem necessary or appropriate in order to enforce the obligations of the Bank Secured Parties under this Agreement and (B) each of the Bank Secured Parties acknowledges that any appeals from the courts described in Section 28(b)(i)(A) may have to be heard by a court located outside those jurisdictions, and (ii)(A) the Bank Secured Parties shall have the right to bring any action or proceeding against the Senior Note Secured Parties and their property in the courts of any other jurisdiction the Bank Secured Parties deem necessary or appropriate in order to enforce the obligations of the Senior Note Secured Parties under this Agreement and (B) each of the Senior Note Secured Parties acknowledges that any appeals from the courts described in Section 28(b)(ii)(A) may have to be heard by a court located outside those jurisdictions.

(c) To the extent allowed by any applicable requirement of law, each of the Bank Secured Parties and the Senior Note Secured Parties waives personal service of any and all process upon it and agrees that all such service of process may be made by registered mail (return receipt requested) directed to such party at its address set forth in this Agreement and service so made shall be deemed to be completed five days after the same shall have been so posted in the United States or Canada, as applicable, postage prepaid. Nothing contained in this Section 28(c) shall affect the right of the Bank Secured Parties or the Senior Note Secured Parties to serve legal process by any other manner permitted by law.

SECTION 28. Judgment Currency. (a) If for the purpose of obtaining or enforcing any judgment in any court or for the purpose of determining any amounts owing hereunder, it is necessary to convert an amount due hereunder in U.S. dollars into a currency other than U.S. dollars (the "*Judgment Currency*") the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Senior Note Secured Parties could purchase, in the New York foreign exchange market, U.S. dollars with the Judgment Currency on the date that is two business days preceding that on which judgment is given or any other payment is due hereunder. Each of the Bank Secured Parties agrees that its respective obligation in respect of any U.S. dollars due from it to the Senior Note Secured Parties hereunder shall, notwithstanding any judgment or payment in the Judgment Currency, be discharged only to the extent that, on the business day following the date the Senior Note Secured Parties receives payment of any sum so adjudged or owing to be due hereunder in the Judgment Currency, the Senior Note Secured Parties may, in accordance with normal banking procedures, purchase, in the New York foreign exchange market U.S. dollars with the amount of the Judgment Currency so paid; and if the amount of U.S. dollars so purchased or that could have been so purchased is less than the amount originally due in U.S. dollars, each of the Bank Secured Parties agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Senior Note Secured Parties against such loss. The term "*rate of exchange*" in this Section 28(a)

means the spot rate at which the Senior Note Secured Parties, in accordance with normal practices, are able on the relevant date to purchase U.S. dollars with the Judgment Currency and includes any premium and costs of exchange payable in connection with such purchase.

(b) If for the purpose of obtaining or enforcing any judgment in any court or for the purpose of determining any amounts owing hereunder, it is necessary to convert an amount due hereunder in U.S. dollars into Judgment Currency, the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Bank Secured Parties could purchase, in the New York foreign exchange market, U.S. dollars with the Judgment Currency on the date that is two business days preceding that on which judgment is given or any other payment is due hereunder. Each of the Senior Note Secured Parties agrees that its respective obligation in respect of any U.S. dollars due from it to the Bank Secured Parties hereunder shall, notwithstanding any judgment or payment in the Judgment Currency, be discharged only to the extent that, on the business day following the date the Bank Secured Parties receives payment of any sum so adjudged or owing to be due hereunder in the Judgment Currency, the Bank Secured Parties may, in accordance with normal banking procedures, purchase, in the New York foreign exchange market U.S. dollars with the amount of the Judgment Currency so paid; and if the amount of U.S. dollars so purchased or that could have been so purchased is less than the amount originally due in U.S. dollars, each of the Senior Note Secured Parties agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Bank Secured Parties against such loss to the extent of any Senior Notes Collateral available for payment thereof. The term "rate of exchange" in this Section 28(b) means the spot rate at which the Bank Secured Parties, in accordance with normal practices, are able on the relevant date to purchase U.S. dollars with the Judgment Currency and includes any premium and costs of exchange payable in connection with such purchase.

SECTION 29. Equitable Remedies. Each party to this Agreement acknowledges that the breach by it of any of the provisions of this Agreement is likely to cause irreparable damage to the other party. Therefore, the relief to which any party shall be entitled in the event of any such breach or threatened breach shall include, but not be limited to, a mandatory injunction for specific performance, injunctive or other judicial relief to prevent a violation of any of the provisions of this Agreement, damages and any other relief to which it may be entitled at law or in equity.

SECTION 30. Attorneys' Fees and Expenses. In the event of any dispute concerning the meaning or interpretation of this Agreement which results in litigation, or in the event of any litigation by a party hereto to enforce the provisions hereof, the prevailing party shall be entitled to recover from the non-prevailing party, in addition to its other damages, its reasonable attorneys' fees and expenses and any actual court costs incurred.

SECTION 31. Headings. Section headings used in this Agreement are for convenience of reference only and shall not constitute a part of this Agreement for any purpose or affect the construction of this Agreement.

SECTION 32. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. This Agreement shall become effective upon the execution and delivery of a counterpart hereof by each of the parties hereto. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

EXHIBIT F

RMI SUBORDINATION AGREEMENT

NY12528:205357.7

EXHIBIT G

SECURITY AGREEMENT

NY12528:205357.7

EXHIBIT H

FIRST PRIORITY INTERCREDITOR AGREEMENT

EXHIBIT “E”

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:00 AM 12/28/1990
3626237 - 2260780

CERTIFICATE OF INCORPORATION
OF
HOLLINGER U.S. HOLDINGS, INC.

FIRST: The name of the corporation is:

HOLLINGER U.S. HOLDINGS, INC.

SECOND: The address of the corporation's registered office in the State of Delaware is No. 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware, including but not limited to manufacturing, processing, and research and development.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is 1,000 shares of common stock of the par value of \$1.00 per share.

FIFTH: The name and mailing address of the incorporator are:

Marie C. Marinelli
1500 Oliver Building
Pittsburgh, Pennsylvania 15222

SIXTH: The corporation is to have perpetual existence.

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to adopt, amend or repeal the by-laws of the corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

NINTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

TENTH: The corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each director or officer of the corporation who is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an authorized representative of the corporation, against all expenses (including attorneys' fees and disbursements), judgments, fines (including excise taxes and penalties) and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided, however, that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by the Delaware General Corporation Law as in effect at the time of the alleged breach of duty by such director. Any repeal or modification of this Article by the stockholders of the corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any person may be entitled under this Article. The rights conferred by this Article shall not be exclusive of any other right which the corporation may now or hereafter grant, or any person may have or hereafter acquire, under any statute, provision of this Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise. The rights conferred by this Article shall continue as to any person who has ceased to be a director or officer of the corporation and shall inure to the benefit of the heirs, executors and administrators of such person. For the purposes of this Article, the term "authorized representative" shall mean a director, officer, employee or agent of the corporation or of any subsidiary of the corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the corporation or by any subsidiary of the corporation, or a person who is or was serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the corporation.

THE UNDERSIGNED, being the incorporator named above, for the purposes of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 27th day of December, 1990.

Marie C. Marinelli

Marie C. Marinelli
Incorporator

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:00 AM 04/17/1991
721107075 - 2250780

CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF
HOLLINGER U.S. HOLDINGS, INC.

Hollinger U.S. Holdings, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: The Corporation has not received any payment for any of its stock.

SECOND: The amendment to the Corporation's Certificate of Incorporation set forth in the following resolution was unanimously approved by the Corporation's Board of Directors and was duly adopted in accordance with the provisions of Section 241 of the General Corporation Law of the State of Delaware.

NOW, THEREFORE BE IT RESOLVED, that the Certificate of Incorporation of the Corporation be amended by deleting in its entirety the Article thereof numbered "Fourth" and substituting therefor the following provision so that, as amended, said Article shall be and read in its entirety as follows:

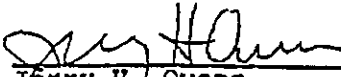
FOURTH:

I. The total number of shares of stock which the corporation shall have authority to issue is 1,000,000 shares of Common Stock of the par value of \$1.00 per share.

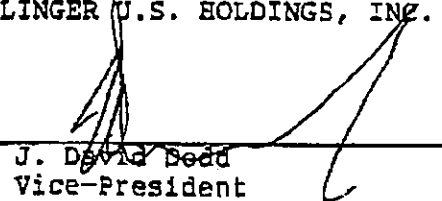
IN WITNESS WHEREOF, Hollinger U.S. Holdings, Inc. has caused this Certificate to be signed and attested by its duly authorized officers this 28th day of March, 1991.

ATTEST:

HOLLINGER U.S. HOLDINGS, INC.


Jerry H. Owens
Assistant Secretary

By:


J. David Bodd
Vice-President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:01 AM 08/30/1991
912425019 - 2250780

**CERTIFICATE OF MERGER
MERGING
VALLEY CABLE TV, INC.
INTO
HOLLINGER U.S. HOLDINGS, INC.**

(Pursuant to Section 252(c) of the
General Corporation Law of Delaware)

The undersigned, HOLLINGER U.S. HOLDINGS, INC., a
Delaware corporation, pursuant to Section 252(c) of the Delaware
General Corporation Law,

DOES HEREBY CERTIFY:

FIRST: The name and state of incorporation of each of
the constituent corporations are:

(a) Hollinger U.S. Holdings, Inc., a Delaware
corporation; and

(b) Valley Cable TV, Inc., a California
corporation.

SECOND: That certain Agreement and Plan of Merger
dated as of July 15, 1991 has been approved, adopted,
certified, executed and acknowledged by each of Hollinger U.S.
Holdings, Inc. and Valley Cable TV, Inc. in accordance with the
provisions of Section 252(c) of the General Corporation Law of
the State of Delaware.

THIRD: Hollinger U.S. Holdings, Inc. is the surviving
corporation and the name of the surviving corporation shall be
changed to "American Publishing Company" upon the effectiveness
of the merger.

FOURTH: The surviving corporation is a corporation
existing under the laws of the State of Delaware and the
Certificate of Incorporation of Hollinger U.S. Holdings, Inc. as
in effect immediately prior to the effective time of the merger
shall be the Certificate of Incorporation of the surviving
corporation, except that Article FIRST of the Certificate of
Incorporation shall be amended to read in its entirety as
follows:

The name of the corporation is: "American Publishing Company".

FIFTH: The executed Agreement and Plan of Merger is on file at the principal place of business of Hollinger U.S. Holdings, Inc., c/o American Publishing Management Services, Inc., 111-115 South Emma Street, West Frankfort, Illinois 62896. A copy of the Agreement and Plan of Merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of Hollinger U.S. Holdings, Inc. or any shareholder of Valley Cable TV, Inc.

SIXTH: The authorized capital stock of each constituent corporation which is a foreign corporation is as follows:

(a) Valley Cable TV, Inc., common stock, 1,000,000 shares, no par value, and preferred stock, 100,000 shares, no par value.

WITNESS the due execution hereof as of the 15th day of July, 1991.

ATTEST:

HOLLINGER U.S. HOLDINGS, INC.

By: 

Charles G. Cowan
Vice-President and
Secretary

By: 

J. A. Boulthbee
Vice-President,
Finance and Treasury

[CORPORATE SEAL]

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 05/10/1994
544082338 - 2250780

**RESTATED
CERTIFICATE OF INCORPORATION
OF
AMERICAN PUBLISHING COMPANY**

FIRST. The name of the corporation is American Publishing Company. The name under which the corporation was originally incorporated is Hollinger U.S. Holdings, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on December 28, 1990.

SECOND. This Restated Certificate of Incorporation was duly adopted in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

THIRD. The original Certificate of Incorporation of the Corporation is amended and restated to read in full as follows:

ARTICLE I

The name of the Corporation is American Publishing Company.

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware, and the name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

P11-386091.6

ARTICLE IV

A. Authorized Capitalization. The total number of all shares of capital stock which the Corporation shall have the authority to issue is 120,000,000 shares consisting of: (1) 50,000,000 shares of Class A Common Stock, with a par value of \$.01 per share; (2) 50,000,000 shares of Class B Common Stock, with a par value of \$.01 per share; and (3) 20,000,000 shares of Preferred Stock, with a par value of \$.01 per share. The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) if the increase or decrease is approved by the holders of a majority of the voting power of all of the then outstanding shares of stock entitled to vote in any general election of directors, voting together as a single class but without the separate vote of the holders of any other class of stock.

B. Preferred Stock. The Corporation's Board of Directors is hereby expressly authorized to provide by resolution or resolutions from time to time for the issue of the Preferred Stock in one or more series, the shares of each of which series may have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereon, as shall be permitted under the General Corporation Law of the State of Delaware and as shall be stated in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors pursuant to the authority expressly vested in the Board of Directors hereby.

C. Common Stock.

(1) Voting. Except as otherwise required by the General Corporation Law of the State of Delaware or this paragraph C(1), the holders of shares of Class A Common Stock shall vote together with the holders of shares of Class B Common Stock as a single class, provided that on all matters that may be submitted to a vote of the stockholders (a) the holders of Class A Common Stock shall have one vote for each share of Class A Common Stock and (b) the holders of Class B Common Stock shall have ten votes for each share of Class B Common Stock.

(2) Dividends. Subject to the limitations imposed by the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation may declare a dividend on (a) the Class A Common Stock provided that a concurrent and equivalent dividend is declared on the Class B Common Stock and (b) the Class B Common Stock provided that a concurrent and equivalent dividend is declared on the Class A Common Stock. Dividends payable in shares of Class A Common Stock may be paid only on shares of Class A Common Stock and dividends payable in Class B Common Stock may be paid only on shares of Class B Common Stock. If a dividend payable in Class A Common Stock is made on

the Class A Common Stock, the Corporation must also make a simultaneous and proportionate dividend on the Class B Common Stock in shares of the Class B Common Stock. If a dividend payable in Class B Common Stock is made on Class B Common Stock, the Corporation must also make a simultaneous and proportionate dividend on the Class A Common Stock in shares of Class A Common Stock.

(3) Liquidation. Except as otherwise required by any series of Preferred Stock designated by the Board of Directors, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after distribution in full of the preferential amounts to be distributed to the holders of any series of Preferred Stock, the remaining assets of the Corporation shall be distributed ratably among the holders of the Class A Common Stock and the holders of the Class B Common Stock in proportion to the number of shares of Class A Common Stock and Class B Common Stock held by each holder.

D. Common Stock Combinations and Subdivisions. The Class A Common Stock shall not be combined or subdivided unless at the same time there is a proportionate combination or subdivision of the Class B Common Stock. If the Class B Common Stock is combined or subdivided, a proportionate combination or subdivision of the Class A Common Stock shall be made at the same time.

E. Conversion of Class B Common Stock.

(1) Optional Conversion.

(a) Each holder of record of Class B Common Stock may, in such holder's sole discretion and at such holder's option, convert any whole number or all of such holder's shares of Class B Common Stock into fully paid and nonassessable shares of Class A Common Stock at the ratio (subject to adjustment as hereinafter provided) of one share of Class A Common Stock for each share of Class B Common Stock surrendered by the holder for conversion. Any such conversion may be effected by a holder of Class B Common Stock upon the surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, duly endorsed or assigned in blank, at the principal executive office of the Corporation or the office of any transfer agent for the Class B Common Stock, accompanied by a written notice to the Corporation that the holder elects to convert all or a specified number of shares of Class B Common Stock and stating the name or names (with addresses) in which the certificate or certificates for such shares of Class A Common Stock are to be issued. Promptly thereafter, the Corporation shall deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which the holder is entitled under the terms of this paragraph E(1). Such conversion shall be deemed to have been made at the close of

business on the date of surrender and the person or persons entitled to receive the shares of Class A Common Stock issuable on any conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock on that date.

(b) The number of shares of Class A Common Stock into which the shares of Class B Common Stock may be converted shall be subject to adjustment from time to time in the event of any capital reorganization, reclassification of stock of the Corporation, consolidation or merger of the Corporation with or into another corporation, or sale or conveyance of all or substantially all of the assets of the Corporation to another corporation or other entity or person. Each share of Class B Common Stock shall thereafter be convertible into such kind and amount of securities or other assets, or both, as are issuable or distributable in respect of the number of shares of Class A Common Stock into which each share of Class B Common Stock might have been converted immediately prior to such reorganization, reclassification, consolidation, merger, sale or conveyance.

(2) Transferability and Convertibility of Class B Common Stock.

(a) If a share of Class B Common Stock held (i) by Hollinger Inc. or any Subsidiary (as defined below) or Affiliate (as defined below) of Hollinger Inc. is to be sold, transferred or disposed of to a third party which is not a Subsidiary or Affiliate of Hollinger Inc. other than in a Permitted Transaction (as defined below), or (ii) by any Permitted Transferee (as defined below) of Hollinger Inc. or any Subsidiary or Affiliate of such Permitted Transferee is to be sold, transferred or disposed of to a third party which is not a Subsidiary or Affiliate of such Permitted Transferee other than in a Permitted Transaction, each such share of Class B Common Stock shall be converted automatically into one fully paid and nonassessable share of Class A Common Stock immediately prior to the date and time of transfer to such third party.

(b) Notwithstanding anything to the contrary set forth herein, any holder of Class B Common Stock may pledge his or its shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this paragraph E(2). In such event the pledged shares shall not be converted automatically into Class A Common Stock; provided, however, that any such pledged shares of Class B Common Stock that became subject to any foreclosure, realization or other similar action by the pledgee may only be transferred to a Permitted Transferee of the pledgor or shall otherwise be converted automatically into shares of Class A Common Stock.

(c) Upon the conversion of each such share of Class B Common Stock into Class A Common Stock immediately prior to the date and time of transfer to a third party in circumstances described in subparagraph (a) above (a "Conversion Date"), the holder of the certificate or certificates evidencing the Class B Common Stock so converted shall deliver to office of the transfer agent for the Class B Common Stock, the certificate or certificates for the converted shares, duly endorsed or assigned in blank, accompanied by written notice stating the name or names (with addresses) in which the certificate or certificates for shares of Class A Common Stock are to be issued and the Corporation shall issue and deliver to such holder the certificate or certificates for the number of shares of Class A Common Stock to which the holder is entitled under the terms of this paragraph E(2). The person in whose name the certificate or certificates for Class A Common Stock are to be issued shall be deemed to have become a stockholder of record on the applicable Conversion Date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a stockholder of record on the next succeeding date on which the transfer books are open, but the number of shares of Class A Common Stock into which a share of Class B Common Stock shall be converted shall be calculated on the Conversion Date.

(d) For purposes of this paragraph E(2), the following terms shall have the meanings set forth below:

(i) "Affiliate" of Hollinger Inc. or a Permitted Transferee shall mean any person directly or indirectly controlling or controlled by or under direct or indirect control of or with, Hollinger Inc., or such Permitted Transferee, as the case may be; provided, however, that for the purposes of this paragraph E(2), (A) Hollinger Inc. shall not be deemed to be an affiliate of the Company, and (B) the surviving, continuing or resulting corporation or entity in any merger, amalgamation, consolidation or other business combination involving Hollinger Inc. or any Permitted Transferee shall be deemed to be an "Affiliate" of Hollinger Inc. or the Permitted Transferee, as the case may be. "Control," "controlling" and "controlled" shall mean the power, direct or indirect, of Hollinger Inc. or a Permitted Transferee, or any person directly or indirectly controlling or controlled by or under direct or indirect control of or with Hollinger Inc. or such Permitted Transferee, as the case may be, to direct the business and affairs of another generally whether by share ownership, agreement or otherwise.

(ii) "Offer" shall mean a bona fide tender offer made by a third party (which is not a Subsidiary or Affiliate of Hollinger Inc.) for all of the outstanding shares of Class A Common Stock which bona fide tender offer is subject to or otherwise shall comply with the requirements of Sections 14(d) and 14(e) of the Securities Exchange Act of 1934, as amended and the regulations promulgated thereunder.

(iii) "Permitted Transaction" shall mean a transaction with respect to the Class B Common Stock between Hollinger Inc. or a subsequent Permitted Transferee, or a Subsidiary or Affiliate of Hollinger Inc. or a subsequent Permitted Transferee, and a third party (other than a Subsidiary or Affiliate of Hollinger Inc. or a subsequent Permitted Transferee) in which or as part of which such third party purchaser or transferee makes an Offer to purchase all of the outstanding shares of Class A Common Stock from the holders thereof for an amount in cash or other consideration (but only if such consideration is also the applicable consideration being offered to the record holder of the Class B Common Stock) equal to the amount per share to be received by the record holder of Class B Common Stock in a manner which complies with applicable securities and other laws, and such Offer is consummated simultaneously with the consummation of the Permitted Transaction between Hollinger Inc. or a subsequent Permitted Transferee, or a Subsidiary or Affiliate of Hollinger Inc. or a subsequent Permitted Transferee, and such third party.

(iv) "Permitted Transferee" shall mean any third party purchaser or transferee of the Class B Common Stock who purchases or obtains the Class B Common Stock in a Permitted Transaction:

(v) "Subsidiary" shall mean any corporation, partnership, person or other entity of which more than 50% of the voting power of the capital stock of such corporation, partnership, person or entity is held directly or indirectly by Hollinger Inc. or a Permitted Transferee.

(3) Reservation of Shares. The Corporation shall, at all times, reserve and keep available out of the authorized and unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the outstanding Class B Common Stock, such number of shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Class B Common Stock. If, at any time, the number of authorized and unissued shares of Class A Common Stock shall not be sufficient to effect such conversion, the Corporation shall take such corporate action as may be necessary to increase the number of authorized and unissued shares of Class A Common Stock to such number as shall be sufficient for such purposes.

(4) Reclassification and Recapitalization. Upon the effective date of this Restated Certificate of Incorporation, each issued share of the capital stock of the Corporation theretofore designated as "Common Stock," par value \$1.00 per share, shall, without any action on the part of the holder thereof, be reclassified and changed so that the designation thereof shall be changed from "Common Stock" to "Class B Common Stock", par value \$.01 per share, and the Corporation shall be recapitalized so that the outstanding shares of such class of

stock, together with \$44.5 million in intercompany indebtedness owed by the Corporation to Hollinger Inc. and the interest of Hollinger Inc. in The Palestine Post Limited, shall be converted into and represent 14,990,000 shares of Class B Common Stock as redesignated, with each share of Class B Common Stock having a par value of \$.01 per share.

ARTICLE V

The period of existence of the Corporation shall be perpetual.

ARTICLE VI

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the By-laws of the Corporation.

ARTICLE VII

Meetings of stockholders may be held within or without the State of Delaware as the By-laws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-laws of the Corporation. Elections of directors need not be by written ballot unless the By-laws of the Corporation shall so provide.

ARTICLE VIII

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE IX

(a) The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by Section 102(b)(7) of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented. Without limiting the generality of the foregoing, no director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its

stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall be required to indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation. The rights to indemnification and advancement of expenses conferred by this Article shall be presumed to have been relied upon by directors and officers of the Corporation in serving or continuing to serve the Corporation and shall be enforceable as contract rights. Said rights shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled. The Corporation may enter into contracts to provide such persons with specific rights to indemnification, which contracts may confer rights and protections to the maximum extent permitted by the Delaware General Corporation Law. The Corporation may create trust funds, grant security interests, obtain letters of credit, or use other means to ensure payment of such amounts as may be necessary to perform the obligations provided for in this Article or in any such contract.

(c) Any repeal or modification of this Article IX by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

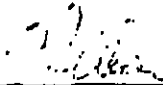
FOURTH. The foregoing amendment and restatement of the Certificate of Incorporation has been approved by the Board of Directors of the Corporation.

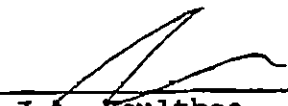
FIFTH. The foregoing amendment and restatement of the Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, American Publishing Company has caused this Restated Certificate of Incorporation to be signed and attested this 9th day of May, 1994.

Attest:

AMERICAN PUBLISHING COMPANY

By: 
Charles G. Cowan, Q.C.
Vice President and Secretary

By: 
J.A. Boulton
Vice President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:30 PM 10/13/1995
950235930 - 2250780

CERTIFICATE OF AMENDMENT
OF RESTATED CERTIFICATE OF INCORPORATION
OF
AMERICAN PUBLISHING COMPANY

American Publishing Company, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: The Board of Directors of the Corporation at a meeting held on July 18, 1995 adopted the resolutions set forth below proposing an amendment to the Restated Certificate of Incorporation of the Corporation (the "Amendment") and directed that the Amendment be submitted to the holders of the issued and outstanding stock of the Corporation entitled to vote thereon for their consideration and approval:

RESOLVED, that the Restated Certificate of Incorporation of the Corporation be, and hereby is, amended by deleting ARTICLE I thereof in its entirety and substituting therefor ARTICLE I as set forth below:

ARTICLE I

The name of the Corporation is Hollinger International Inc.

FURTHER RESOLVED, that the Restated Certificate of Incorporation of the Corporation be, and hereby is, further amended by deleting paragraph A of ARTICLE IV thereof in its entirety and substituting therefor paragraph A as set forth below:

ARTICLE IV

A. Authorized Capitalization. The total number of all shares of capital stock which the Corporation shall have the authority to issue is 320,000,000 shares consisting of: (1) 250,000,000 shares of Class A Common Stock, with a par value of \$.01 per share; (2) 50,000,000 shares of Class B Common Stock, with a par value of \$.01 per share; and (3) 20,000,000 shares of Preferred Stock, with a par value of \$.01 per share. The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) if the increase or decrease is approved by the holders of a majority of the voting power of all of the then outstanding shares of stock entitled to vote in any general election of directors, voting together as a single class but without the separate vote of the holders of any other class of stock.

SECOND: That said Amendment has been consented to and authorized by the stockholders of the Corporation pursuant to a majority vote of the holders of the issued and outstanding stock of the Corporation entitled to vote thereon at a Special Meeting of the Stockholders duly called and held on October 13, 1995.

THIRD: That said Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, American Publishing Company has caused this Certificate to be signed by J. David Dodd, its Executive Vice President and Chief Financial Officer and attested by Kenneth L. Serota, its Secretary this 13th day of October 1995.

AMERICAN PUBLISHING COMPANY

By:


J. David Dodd
Executive Vice President
and Chief Financial Officer

ATTEST:

By:


Kenneth L. Serota
Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:31 PM 10/13/1995
950235931 - 2250780

HOLLINGER INTERNATIONAL INC.

CERTIFICATE OF DESIGNATIONS

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK

HOLLINGER INTERNATIONAL INC., a Delaware corporation (the "Corporation"), certifies that, pursuant to the authority contained in Article IV of its Restated Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value \$.01 per share, designated as Series A Redeemable Convertible Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, par value \$.01 per share, of the Corporation is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Redeemable Convertible Preferred Stock", and the number of shares constituting such series shall be 739,500.

Section 2. Certain Definitions. As used in this resolution, the following terms have the meanings specified in this Section 2.

"Dividend Period" means each quarter-annual period ending with a Dividend Date (hereinafter defined); provided, that with respect to the first Dividend Date following the Cumulation Date (hereinafter defined), the term "Dividend Period" means the period beginning with the Cumulation Date and ending with such first Dividend Date.

"HTH" means Hollinger-Telegraph Holdings Inc., an Alberta corporation.

"Hollinger Inc." means Hollinger Inc., a corporation continued under the laws of Canada.

"Share Exchange Agreement" means the Share Exchange Agreement dated as of July 19, 1995, between Hollinger Inc. and the Corporation, as the same may be amended from time to time, relating, among other things, to the issuance of shares of this Series by the Corporation.

"Southam" means Southam Inc., a corporation continued under the laws of Canada.

"Southam Interests" means the aggregate of (i) 7,145,000 Southam common shares, being one-half of the Southam common shares held by HTH, in which corporation the Corporation is acquiring a 50% indirect equity interest, and (ii) 250,000 Southam common shares of which a subsidiary of the Corporation is becoming the record owner, all pursuant to the Share Exchange Agreement; provided, that if Southam shall pay a dividend, or make a distribution, on its common shares in the form of capital stock of the same or another corporation, or subdivide its outstanding common shares into a greater number of common shares, or combine its outstanding common shares into a smaller number of common shares, or effect a reorganization or reclassification of its capital stock, or amalgamate, enter into an arrangement or consolidation or merge with or into another entity (other than an amalgamation, arrangement, consolidation or merger which does not result in a reclassification or change of the outstanding common shares of Southam), the "Southam Interests" shall thereafter include any securities distributed with respect to any such shares or into which any such shares shall be converted, changed or reclassified or for which any such shares shall be exchanged, to the end that the dividend rights of the holders of the shares of this Series shall be unchanged, as nearly as may be, notwithstanding the occurrence of such event; and provided further, that except as set forth in the foregoing proviso, any disposition of any Southam common shares by the Corporation or any subsidiary of the Corporation, and any acquisition of any additional Southam common shares by the Corporation or any subsidiary of the Corporation, after the date hereof, shall be disregarded.

"Southam Interests Dividend" means a dividend or other distribution paid on or with respect to the Southam Interests on or prior to the earlier of (i) the redemption date for the redemption of all the shares of this Series outstanding as of such redemption date or (ii) the date of final distribution to the holders of the shares of this Series of the full preferential amount provided for in Section 7 hereof; provided, that the term "Southam Interests Dividend" does not mean or include (x) any part of any dividend or distribution that is payable otherwise than in cash or that constitutes an Extraordinary Cash Dividend

(as such term is defined in the Trust Indenture) as applied to the Southam Interests, or (y) any dividend or distribution on or with respect to the 250,000 Southam common shares of which a subsidiary of Telegraph is at the date hereof the direct owner or the 7,145,000 Southam common shares which constitute the balance of the Southam common shares held by HTH in which Telegraph has the 50% indirect equity interest that is not being acquired by the Corporation pursuant to the Share Exchange Agreement.

"Southam Payment Period" means, with respect to a particular Dividend Date (hereinafter defined), (i) the period of three calendar months ending with the last day of the calendar month immediately preceding such Dividend Date or (ii) if shorter, the period beginning with the Cumulation Date (hereinafter defined) and ending with the last day of the calendar month immediately preceding such Dividend Date.

"Telegraph" means The Telegraph plc, a public company limited by shares incorporated under the laws of England.

"Trust Indenture" means the Trust Indenture dated as of December 1, 1993 by and between Hollinger Inc. and Montreal Trust Company of Canada relating to the 7% Southam-Linked Convertible Debentures Due November 1, 1998 of Hollinger Inc.

Section 3. Dividends and Distributions.

(A) The holders of shares of this Series shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, cash dividends, out of funds legally available for the purpose, in the respective amounts determined in accordance with the provisions of this Section 3, payable quarter-annually on the 15th day of each of January, April, July and October in each year, commencing January 15, 1996 (each such day being herein called a "Dividend Date"), accruing from the date on which shares of this Series are first issued (such date being herein called the "Cumulation Date").

(B) The dividend payable upon the shares of this Series on a particular Dividend Date shall be an amount per share of this Series equal to (i) the aggregate amount (if any) of the Southam Interests Dividends paid by Southam (whether or not received by the Corporation) during the Southam Payment Period immediately preceding such Dividend Date divided by (ii) 739,500 (being the number of authorized and initially issued shares of this Series).

(C) Dividends upon shares of this Series shall be payable to holders of record as they appear on the stock register of the Corporation on a record date fixed with respect to each Dividend Date by the Board of Directors of the Corporation, which

shall in each case be a date not more than 60 days preceding such Dividend Date.

(D) Such dividends upon shares of this Series shall be cumulative (whether or not earned and whether or not the Corporation shall have at the applicable Dividend Date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends).

(E) If at any time full cumulative dividends in respect of all past Dividend Periods shall not have been declared and paid upon the outstanding shares of this Series or upon the outstanding shares of any series of Preferred Stock ranking on a parity as to dividends with this Series, all dividends declared on shares of this Series and of each other series of Preferred Stock ranking on a parity as to dividends with this Series shall be declared pro rata so that the respective amounts of dividends per share declared on such different series shall in all cases bear to each other the same proportions that the respective accumulated dividends per share on such different series bear to each other.

(F) Except as permitted by Paragraph (G) of this Section 3, (1) no dividend (other than a dividend payable solely in shares of the Common Stock of the Corporation or of any other capital stock of the Corporation ranking junior to this Series as to both dividend and liquidation rights) shall be declared or paid upon or set apart for, or any other distribution ordered or made in respect of, shares of the Common Stock of the Corporation or of any series of Preferred Stock ranking, as to dividend or liquidation rights, junior to this Series and (2) no purchase, redemption or other acquisition (except in exchange for, or out of the net cash proceeds from the contemporaneous sale of, capital stock of the Corporation ranking junior to this Series as to both dividend and liquidation rights) shall be made of any shares of Common Stock or of any other stock of the Corporation ranking junior to this Series as to either dividend or liquidation rights and (3) no purchase, redemption or other acquisition shall be made of any shares of this Series or of any other series of Preferred Stock ranking, as to dividend or liquidation rights, on a parity with this Series (except for redemption in whole of this Series and except for offers to purchase or acquire shares which are made on the same terms to all holders of shares of this Series and of each such other series) (any such dividend, distribution, redemption, purchase or acquisition described in clause (1), (2) or (3) being hereinafter called a "prohibited event"), unless full cumulative dividends upon the outstanding shares of this Series, for the period from the Cumulation Date to, in the case of any such prohibited event occurring during a Dividend Period, the Dividend Date next preceding such prohibited event or, in the case of any such prohibited event occurring on a Dividend Date, the date of such

prohibited event, have been or, contemporaneously with such prohibited event, are declared and paid.

(G) No dividend shall be declared or paid upon or set apart for, or any other distribution ordered or made in respect of, the shares of any series of Preferred Stock ranking, as to dividend rights, junior to this Series unless full cumulative dividends upon the outstanding shares of this Series, for the period from the Cumulation Date to, in the case of any such dividend or distribution made during a Dividend Period, the Dividend Date next preceding such dividend or distribution or, in the case of any such dividend or distribution made on a Dividend Date, the date of such dividend or distribution, have been or, contemporaneously with such dividend or distribution, are declared and paid (or declared and a sum sufficient for the payment thereof set apart for such payment).

Section 4. Currency. References herein to an amount of \$0.01 per share, with respect to shares of this Series, and references in Section 8 hereof to the Conversion Price, are expressed in United States currency. All other financial amounts set forth herein are expressed in Canadian currency.

Section 5. Redemption at the Option of the Corporation.

(A) The shares of this Series shall be redeemable, in whole or in part, at any time and from time to time to time, at the sole option and election of the Corporation expressed by resolution of the Board of Directors, at a redemption price of Cdn.\$146.625 per share plus an amount equal to all accrued and unpaid dividends to the date fixed for redemption (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at the redemption date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends). No interest or sum of money in lieu of interest shall be payable in respect of such redemption price.

(B) In order to facilitate the redemption of shares of this Series, the Board of Directors may fix a record date for the determination of the holders of the shares of this Series to be redeemed, or may cause the transfer books of the Corporation to be closed for the transfer of shares of this Series, not more than 60 days prior to the date fixed for such redemption.

(C) Notice of any redemption of shares of this Series shall be mailed at least 15, but not more than 60, days prior to the date fixed for redemption by first-class mail, postage prepaid, to each holder of shares to be redeemed, at such holder's address as it appears on the stock register of the Corporation. Each such notice shall state (i) the redemption

date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder and the number(s) of the certificate(s) representing such shares; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(D) Upon the surrender in accordance with such notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price specified in the notice. From and after the date fixed in any such notice as the date of redemption (unless default shall be made by the Corporation in providing moneys for the payment of the redemption price pursuant to such notice) all dividends on the shares of this Series called for redemption shall cease to accrue and all rights of the holders thereof, as such, shall cease and terminate, except only the right to receive the redemption price therefor without interest thereon, and such shares shall not after the redemption date be deemed to be outstanding.

(E) If fewer than all the outstanding shares of this Series are to be redeemed, the shares to be redeemed shall be selected by the Corporation, by lot or pro rata (as nearly as may be) or in such other manner as the Board of Directors of the Corporation may determine, from the outstanding shares of this Series not previously called for redemption. If fewer than all the shares owned by a holder shall be redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

Section 6. Redemption at the Option of a Holder.

(A) Each holder of shares of this Series shall have the right, at the sole option and election of such holder, at any time and from time to time, to require the Corporation to redeem some or all of the shares of this Series owned of record by such holder, to the extent that such redemption shall be permitted under applicable law and subject to the provisions of any agreement with respect to borrowed money to which the Corporation is a party at the redemption date hereinafter mentioned.

(B) In order to exercise such right, a holder of shares of this Series must provide notice of such exercise by first-class mail, postage prepaid, mailed to the Corporation at its principal place of business not less than 15 nor more than 60 days prior to the date for redemption; provided, that if the

aggregate redemption price of the shares of this Series to be redeemed on a particular redemption date pursuant to this Section 6 and the shares redeemed or to be redeemed prior to such redemption date pursuant to Sections 5 and 6 hereof shall exceed Cdn.\$10,000,000, such notice shall be mailed not less than 180 days, or such earlier date to which the Corporation in its sole discretion may agree, nor more than 240 days prior to such redemption date. Each such notice shall state (i) the redemption date, (ii) the number of shares of this Series to be redeemed pursuant to this Section 6, and (iii) if fewer than all the shares held by such holder are to be redeemed, the number(s) of the certificate(s) representing such shares.

(C) Upon the surrender in accordance with such notice of the certificates for the shares of this Series so to be redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require), such shares shall be redeemed by the Corporation and the Corporation shall pay to the holder thereof in cash a redemption price of Cdn.\$146.625 per share plus an amount equal to all dividends accrued and unpaid thereon to the date fixed for redemption (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at such redemption date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends), whereupon all rights of the holder of the shares, as such, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding. No interest or sum of money in lieu of interest shall be payable in respect of such redemption price.

Section 7. Liquidation Rights.

(A) Upon the dissolution, liquidation or winding up of the Corporation (whether voluntary or involuntary), the holders of the shares of this Series shall be entitled to receive out of the assets of the Corporation available for distribution to stockholders, before any payment or distribution shall be made on the Common Stock or on any other stock ranking junior to this Series upon liquidation, the amount of Cdn.\$146.625 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at said date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends). No interest or sum of money in lieu of interest shall be payable in respect of such liquidation distribution.

(B) In the event the assets of the Corporation available for distribution to stockholders upon any dissolution, liquidation or winding up of the Corporation (whether voluntary or involuntary) shall be insufficient to pay in full all amounts

to which the holders of shares of this Series and of each series of Preferred Stock ranking, as to liquidation rights, on a parity with this Series are entitled, the holders of all such shares shall share ratably in any distribution of assets in proportion to the respective amounts to which holders of all such shares are entitled upon such dissolution, liquidation or winding up if all amounts payable thereon were paid in full.

(C) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section 7, the holders of shares of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(D) Neither the sale, lease or exchange (for cash, securities or other consideration) of all or substantially all the property or assets of the Corporation nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section 7.

(E) No purchase, redemption or other acquisition of shares of Common Stock or of any other stock of the Corporation ranking, as to either dividend or liquidation rights, junior to this Series shall be made (i) if, after giving effect to such purchase, redemption or acquisition, the remaining net assets of the Corporation would be less than the aggregate amount to which holders of shares of this Series and of each series of Preferred Stock ranking, as to liquidation rights, senior to or on a parity with this Series are entitled in the event of a liquidation of the Corporation, or (ii) if at the time of such purchase, redemption or acquisition the Corporation is insolvent or would become so as a result thereof.

Section 8. Conversion.

(A) Shares of this Series shall be convertible at the option of the respective holders thereof at any time, at the office or agency in the Borough of Manhattan in The City of New York maintained by the Corporation for that purpose, into fully paid and non-assessable shares of Common Stock at the Canadian Dollar Equivalent of the Conversion Price, determined as hereinafter provided, in effect at the time of conversion, subject to the following terms and conditions. Such right of conversion shall cease and terminate, as to shares of this Series called for redemption, at the close of business on the date fixed for redemption, unless default shall be made in the payment of the redemption price. No payment or adjustment shall be made on account of dividends accrued or in arrears on shares of this

Series surrendered for conversion or on account of any dividends on Common Stock issued upon such conversion.

For purposes of this Section 8, the term "Common Stock" means capital stock of the Corporation of any class, whether now or hereafter authorized, which has the right to participate in the distribution of either the assets or earnings of the Corporation without limit as to amount or percentage and without preference in respect of dividends or distributions upon liquidation, and which is not subject to redemption. The shares of Common Stock issuable upon conversion of shares of this Series shall, however, be shares of Class A Common Stock, par value \$.01 per share, as of the original date of issue of this Series, except as otherwise provided in this Section 8.

Before any holder of shares of this Series shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates for such shares of this Series at the office or agency maintained as hereinabove provided, which certificate or certificates, if the Corporation shall so request, shall be duly endorsed to the Corporation or in blank, or accompanied by proper instruments of transfer to the Corporation or in blank, and accompanied by funds in the amount of any amounts which may be payable to the Corporation pursuant to Paragraph (G) of this Section 8, and shall give written notice to the Corporation at said office or agency that such holder elects so to convert such shares of this Series, and shall state in writing therein the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued.

As soon as practicable after such surrender of a certificate of certificates for shares of this Series and all instruments, amounts and notices above prescribed, the Corporation shall issue and deliver at said office or agency a certificate or certificates for the number of full shares of Common Stock issuable upon conversion, together with a cash payment in lieu of any fraction of a share as hereinafter provided, to the person or persons entitled thereto. Shares of this Series shall be deemed to have been converted as of the date of such surrender of a certificate or certificates for shares of this Series, accompanied by all instruments, amounts and notices above prescribed, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated as the record holder or holders of such Common Stock at such time for all purposes; provided, however, that any such surrender on any date when the stock transfer books of the Corporation are closed for any purpose shall not be effective to constitute the person or persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the person or persons in whose name or

names the certificates for such shares of Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer books are open, and such conversion shall be at the Canadian Dollar Equivalent of the Conversion Price in effect at such time on such succeeding day.

(B) The shares of this Series shall be convertible into shares (calculated as to each conversion to the nearest 1/100th of a share) of Common Stock at the Canadian Dollar Equivalent of the Conversion Price, determined as hereinafter provided, in effect at the time of conversion.

For the purpose of such conversion, each share of this Series shall be taken at Cdn.\$146.625. The Conversion Price shall be initially U.S.\$14.00 per share of Common Stock, and the Canadian Dollar Equivalent of the Conversion Price on any particular day shall be the Conversion Price expressed in Canadian currency based on the noon buying rate on that day in The City of New York for cable transfers in United States dollars as certified for customs purposes by the Federal Reserve Bank of New York set forth as Canadian dollars per U.S. \$1.00.

The Conversion Price shall be adjusted from time to time as follows:

(1) If the Corporation:

(a) makes a distribution or pays a dividend on its Common Stock in shares of its Common Stock; or

(b) subdivides outstanding shares of Common Stock into a greater number of shares; or

(c) combines its outstanding shares of Common Stock into a smaller number of shares; or

(d) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or

(e) issues by reclassification of its Common Stock any shares of its capital stock;

then the conversion privilege and the Conversion Price in effect immediately before such action shall be adjusted so that the holder of shares of this Series thereafter converted shall receive the number of shares of Common Stock or capital stock of the Corporation, as the case may be, which such holder would have owned immediately following such action if such holder had converted the shares of this Series immediately before the record date (or, if no record date, the effective date) for such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a holder of shares of this Series upon conversion thereof may receive shares of two or more classes of capital stock of the Corporation, the Board of Directors of the Corporation shall determine the allocation of the adjusted Conversion Price between the classes of capital stock. After such allocation, the conversion privilege and conversion price of each class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Paragraph (B).

(2) If the Corporation distributes any rights or warrants to all holders of its Common Stock entitling them for a period expiring within 60 days after the record date mentioned below to purchase shares of Common Stock at a price per share less than the Current Market Price Per Share (as hereinafter defined) on that record date, the Conversion Price shall be adjusted in accordance with the formula:

$$C' = C \times \frac{O + \frac{N \times P}{M}}{O + N}$$

where:

- C' = the adjusted Conversion Price.
- C = the current Conversion Price.
- O = the number of shares of Common Stock outstanding on the record date.
- N = the number of additional shares of Common Stock offered.
- P = the offering price per share of the additional shares.
- M = the Current Market Price Per Share of Common Stock on the record date.

The adjustment shall be made successively whenever any such rights or warrants are issued and shall become effective immediately after the record date for the determination of stockholders entitled to receive the rights or warrants. If, at the end of the period during which such warrants or rights are exercisable, not all warrants or rights shall have been exercised, the Conversion Price shall be immediately readjusted to the Conversion Price which would then be in effect if the adjustment upon the issuance of such warrants or rights had been made on the basis of the number of shares of Common Stock actually issued rather than the number of shares offered.

(3) If the Corporation distributes to all holders of its Common Stock any of its assets or debt securities or any rights or warrants to purchase securities of the Corporation, the Conversion Price shall be adjusted in accordance with the formula:

$$C' = C \times \frac{M - F}{M}$$

where:

- C' = the adjusted Conversion Price.
- C = the current Conversion Price.
- M = the Current Market Price Per Share of Common Stock on the record date mentioned below.
- F = the fair market value on the record date of the assets, securities, rights or warrants applicable to one share of Common Stock, as determined by the Board of Directors of the Corporation in good faith.

The adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive the distribution.

This Paragraph (B) (3) shall not apply to dividends or distributions paid in cash out of consolidated current or retained earnings as shown on the books of the Corporation or to rights or warrants referred to in Paragraph (B) (2) of this Section 8.

(4) In Paragraphs (B) (2) and (B) (3) of this Section 8, "Current Market Price Per Share" of Common Stock on any date means the average of the per share Closing Prices of the Common Stock during the period of 15 consecutive Trading Days ending with the day immediately preceding such date.

"Closing Price" of the Common Stock on any day means the reported last sales price regular way on such day on the New York Stock Exchange, or, if not reported for such Exchange, on the Composite Tape or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way on the New York Stock Exchange, or, if the Common Stock is not listed or admitted to trading on such exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or, if not listed or admitted to trading on any national securities exchange, on the National Association of Securities Dealers Automated Quotations National Market System or, if not quoted on such National Market System, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Corporation for that purpose, or, if no such quotations are available, the fair market price as

determined in good faith by the Board of Directors of the Corporation (whose determination shall be conclusive).

"Trading Day" means each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are generally not traded on the applicable securities exchange or in the applicable securities market.

(5) No adjustment of the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Paragraph (B) shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be.

(6) No adjustment need be made for a transaction referred to in Paragraph (B) (1), (B) (2) or (B) (3) of this Section 8 if holders of shares of this Series may participate in the transaction on a basis that the Board of Directors determines to be fair and appropriate in light of the basis on which holders of Common Stock participate in the transaction.

No adjustment need be made for sales of Common Stock pursuant to a plan for reinvestment of dividends or interest.

No adjustment need be made for a change in the par value of the Common Stock.

If the shares of this Series become convertible solely into cash, no adjustment need be made thereafter. Interest shall not accrue on the cash.

(7) If any capital reorganization or reclassification of the capital stock of the Corporation, or consolidation or merger of the Corporation with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected, then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby each holder of shares of this Series shall thereafter have the right to receive upon conversion of shares of this Series and upon the basis, terms and conditions specified herein and in lieu of the shares of the Common Stock of the Corporation immediately theretofore receivable upon conversion thereof, such shares of stock, securities or assets as such holder would have owned immediately after the consolidation, merger or transfer if such holder had converted the shares of this Series immediately before the effective date of the transaction, and in any such case appropriate provision shall be made with respect to the rights and interests of such holder to the end that

the provisions hereof (including without limitation provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the conversion thereof. The Corporation shall not effect any such consolidation, merger or sale unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Corporation) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument the obligation to deliver to such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to receive.

(C) Whenever the Conversion Price shall be adjusted as herein provided, the Corporation shall forthwith file, at the office or agency maintained for the conversion of shares of this Series as hereinabove provided, a statement, signed by the Chairman of the Board, the President or any Vice President and by the Controller, an Assistant Controller, the Secretary or an Assistant Secretary of the Corporation, showing in detail the facts requiring such adjustment and the actual Conversion Price that shall be in effect after such adjustment. In the absence of manifest error, each such statement shall be conclusive evidence of the correctness of the amount of the adjustment specified therein. The Corporation shall also cause a notice setting forth any such adjustments to be sent by first-class mail, postage prepaid, to each holder of shares of this Series at such holder's address as it appears on the stock register of the Corporation. Such notice may be included as a part of a notice required to be mailed under the provisions of Paragraph (D) of this Section 8 under circumstances requiring notice pursuant to such Paragraph (D).

(D) If at any time:

(1) the Corporation declares any stock dividend upon its Common Stock or makes any distribution (other than cash dividends) to the holders of shares of Common Stock; or

(2) the Corporation authorizes the offer for subscription, pro rata to the holders of shares of Common Stock, of any additional shares of any class or any other rights; or

(3) the Corporation is a party to any transaction which is subject to the provisions of Paragraph (B) (7) of this Section 8; or

(4) there is a liquidation or dissolution of the Corporation;

then, and in any of said cases, the Corporation shall give notice, in the manner set forth in Paragraph (C) of this Section 8, which notice shall specify the action to be taken and the record date or the date as of which entitlement to any such dividend, distribution or offer is to be determined, or the effective date of any action of the types set forth in clause (3) or (4) above. Such notice shall be given at least 15 days prior to the record date, such date of entitlement or such effective date with respect thereto. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(E) Irrespective of any adjustments in the actual Conversion Price (or the number of shares of Common Stock into which each share of this Series is convertible), any shares of this Series theretofore or thereafter issued may continue to express the Conversion Price and conversion rate stated in the initially issued shares of this Series.

(F) The Corporation shall not be required to issue a fractional interest in a share of Common Stock or scrip upon conversion of shares of this Series. As to any fractional interest in a share of Common Stock which otherwise would be issuable in respect of the aggregate number of shares of this Series surrendered for conversion at any one time by the same holder, the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to the same fraction of the Closing Price of a share of Common Stock on the date on which such shares of this Series were duly surrendered for conversion, or, if such date is not a Trading Day, on the next Trading Day.

(G) The Corporation shall pay any and all taxes attributable to the issuance or delivery of shares of Common Stock upon conversion of any shares of this Series pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that in which shares of this Series so converted were registered, and no such issue or delivery shall be made unless and until the person requesting the same shall have paid to the Corporation the amount of any such tax, or shall have established, to the satisfaction of the Corporation, that such tax has been paid.

(H) The Corporation shall at all times reserve and keep available, free from preemptive rights, out of its treasury stock or authorized and unissued Common Stock, or both, solely for the purpose of effecting the conversion of shares of this Series, such full number of shares of Common Stock as shall then be sufficient to effect the conversion of all shares of this Series then outstanding.

(I) The Corporation may make such reductions in the Conversion Price, in addition to those required by Paragraph (B) of this Section 8, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients or, if that is not possible, to diminish any income taxes that are otherwise payable because of such event.

Section 9. Shares to be Retired. All shares of this Series purchased, redeemed or otherwise acquired by the Corporation (but not shares held by it for the account or benefit of the owner of such shares) shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of this Series.

Section 10. Voting. The shares of this Series shall have no voting rights except as may from time to time be required by law.

Section 11. Rank. The shares of this Series shall rank on a parity, as to both dividends and liquidation rights, with each other series of Preferred Stock, except to the extent that the resolution of the Board of Directors creating such other series shall expressly provide otherwise.

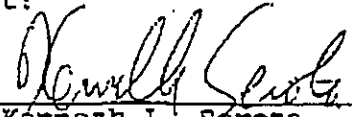
Section 12. Restriction on Transfer.

(A) No sale, transfer, or other disposition of any share or shares of this Series shall be valid or effectual for any purpose whatsoever, and the Corporation shall not be obligated to recognize or give any effect to any purported such sale, transfer, or other disposition, other than a sale, transfer or disposition to a Subsidiary or Affiliate (as such terms are defined in the Corporation's Restated Certificate of Incorporation) of Hollinger Inc. unless and until the Corporation, by resolution duly adopted by its Board of Directors, shall first have consented to the proposed transfer and approved the proposed transferee.

(B) Notwithstanding anything to the contrary set forth herein, any holder of shares of this Series may pledge such shares to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness or other obligations due to the pledgee, provided, that such shares shall remain subject to the provisions of this Section 12. Any such pledged shares of this Series that shall become subject to any foreclosure, realization or other similar action by the pledgee may be transferred only in accordance with the provisions of Paragraph (A) of this Section 12.

IN WITNESS WHEREOF, Hollinger International Inc. has caused this Certificate of Designations of Series A Redeemable Convertible Preferred Stock to be signed and attested this 13th day of October, 1995.

Attest:

By: 

Kenneth L. Serota
Secretary

HOLLINGER INTERNATIONAL INC.

By: 

J. David Dodd
Executive Vice President
and Chief Financial Officer

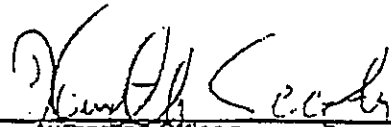
STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 11/14/1995
95026443B - 2250780

**CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE
AND OF REGISTERED AGENT**

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is
Hollinger International Inc.
2. The registered office of the corporation within the State of Delaware is hereby changed to 32 Lookerman Square, Suite L-100, City of Dover 19904, County of Kent.
3. The registered agent of the corporation within the State of Delaware is hereby changed to The Prentice-Hall Corporation System, Inc., the business office of which is identical with the registered office of the corporation as hereby changed.
4. The corporation has authorized the changes hereinbefore set forth by resolution of its Board of Directors.

Signed on 11/1 , 19 95



Authorized Officer
Kenneth L. Serota, Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 08/06/1996
960228478 - 2250780

HOLLINGER INTERNATIONAL INC.

CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

SERIES B CONVERTIBLE PREFERRED STOCK

HOLLINGER INTERNATIONAL INC., a Delaware corporation (the "Corporation"), certifies that, pursuant to the authority contained in Article IV of its Restated Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value \$.01 per share, designated as Series B Convertible Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, par value \$.01 per share, of the Corporation is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

SECTION 1. Designation and Amount. The shares of such series shall be designated as "Series B Convertible Preferred Stock", and the number of whole shares constituting such series shall be 10,350,000. Shares of Series B Convertible Preferred Stock may be issued in half share increments.

SECTION 2. Dividends. (a) The holders of outstanding shares of Series B Convertible Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative dividends from the date of initial issuance thereof at the rate of 9.75% per annum of the Stated Liquidation Amount per half share (equivalent to \$0.9506 per annum, and no more, payable in equal quarterly amounts of \$0.2377 for each half share of Series B

Convertible Preferred Stock), in arrears on the first day of each February, May, August and November, respectively (each such date being hereinafter referred to as a "Dividend Payment Date"), or, if any Dividend Payment Date is not a business day, then the Dividend Payment Date shall be the next succeeding business day; provided, however, that, with respect to any dividend period during which a redemption occurs, the Corporation may, at its option, declare accrued dividends to, and pay such dividends on, the redemption date, in which case such dividends would be payable on the redemption date in cash to the holders of the shares of Series B Convertible Preferred Stock as of the record date for such dividend payment and such accrued dividends would not be included in the calculation of the related Call Price (as hereinafter defined). Each dividend on the shares of Series B Convertible Preferred Stock shall be payable to holders of record as they appear on the stock register of the Corporation on such record date, not less than 10 (except as otherwise provided below with respect to the first dividend payment) nor more than 60 days preceding the payment date thereof, as shall be fixed by the Board of Directors. The first dividend payment shall be for the period from August 7, 1996 to and including October 31, 1996 and the first dividend will be payable on November 1, 1996 to holders of record at the close of business on August 7, 1996. Dividends (or amounts equal to accrued and unpaid dividends) payable on shares of Series B Convertible Preferred Stock for any period less than a full quarterly dividend period will be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed in any period less than one month.

Dividends on the shares of Series B Convertible Preferred Stock will accrue whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared on a daily basis from the previous Dividend Payment Date or the date of initial issuance if prior to the first Dividend Payment Date. Accumulated unpaid dividends shall not bear interest. Dividends will cease to accrue in respect of shares of Series B Convertible Preferred Stock on the Mandatory Conversion Date (as hereinafter defined) or on the date of their earlier conversion or redemption.

The shares of Series B Convertible Preferred Stock will rank junior, both as to payment of dividends and distribution of assets upon liquidation, to the outstanding shares of Series A Preferred Stock and any future series of preferred stock ranking senior to the Series B Convertible Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation ("Senior Stock"), and will rank on a parity, both as to payment of dividends and distribution of assets upon liquidation, with any future preferred stock issued by the Corporation that by its terms ranks on a parity with the Series B Convertible Preferred Stock ("Parity Stock").

(b) As long as any shares of Series B Convertible Preferred Stock are outstanding, no dividends for any dividend period (other than dividends payable in shares of, or warrants, rights or options exercisable for or convertible into shares of, Common Stock or any other capital stock of the Corporation ranking junior to the Series B Convertible Preferred Stock as to the payment of dividends and the distribution of assets upon liquidation ("Junior Stock") and cash in lieu of fractional shares of such Junior Stock in connection with any such dividend) will be paid in cash or otherwise, nor will any other distribution be made (other than a distribution payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection with any such distribution), on any Junior Stock unless (i) full dividends on the Series B Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Junior Stock dividend or distribution payment to the extent such dividends are cumulative; (ii) dividends in full, in the case of a dividend payment with respect to Junior Stock, for any Series B Convertible Preferred Stock and Parity Stock dividend periods commencing on or prior to the date of such Junior Stock dividend payment or, in the case of any other distribution with respect to Junior Stock, for the current Series B Convertible Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series B Convertible Preferred Stock and Parity Stock to the extent such dividends are cumulative; (iii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series B Convertible Preferred Stock and any Parity Stock; and (iv) the Corporation is not in default on any of its obligations to redeem the Series B Convertible Preferred Stock and any Parity Stock.

In addition, as long as any shares of Series B Convertible Preferred Stock are outstanding, no shares of Junior Stock may be purchased, redeemed, or otherwise acquired by the Corporation or any of its subsidiaries (except in connection with the reclassification or exchange of any Junior Stock through the issuance of other Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith) or the purchase, redemption, or other acquisition of any Junior Stock with any Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith)) nor may any funds be set aside or made available for any sinking fund for the purchase or redemption of any Junior Stock unless: (i) full dividends on the Series B Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such purchase, redemption or acquisition to the extent such dividends are cumulative; (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set

aside for all purchase, retirement, and sinking funds, if any, for the Series B Convertible Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem the Series B Convertible Preferred Stock and any Parity Stock.

Subject to the provisions described above, such dividends or other distributions (payable in cash, property or Junior Stock) as may be determined by the Board of Directors may be declared and paid on the shares of any Junior Stock from time to time and Junior Stock may be purchased, redeemed or otherwise acquired by the Corporation or any of its subsidiaries from time to time. In the event of the declaration and payment of any such dividends or other distributions, the holders of such Junior Stock will be entitled, to the exclusion of holders of the Series B Convertible Preferred Stock and any Parity Stock, to share therein according to their respective interests.

As long as any shares of Series B Convertible Preferred Stock are outstanding, dividends for any dividend period or other distributions may not be paid on any Parity Stock (other than dividends or other distributions payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith), unless either: (a) (i) full dividends on the Series B Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock dividend or distribution payment to the extent such dividends are cumulative; (ii) full dividends, in the case of a dividend payment with respect to Parity Stock, for any Series B Convertible Preferred Stock and any Parity Stock dividend periods commencing on or prior to the date of such Parity Stock dividend payment or, in the case of any other distribution with respect to Parity Stock, for the current Series B Convertible Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series B Convertible Preferred Stock and any Parity Stock to the extent such dividends are cumulative; (iii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series B Convertible Preferred Stock and any Parity Stock; and (iv) the Corporation is not in default on any of its obligations to redeem the Series B Convertible Preferred Stock and any Parity Stock, or (b) any such dividends are declared and paid pro rata so that the amounts of any dividends declared and paid per share of Series B Convertible Preferred Stock and each share of such Parity Stock will in all cases bear to each other the same ratio that accrued and unpaid dividends (including any accumulation with respect to unpaid dividends for prior dividend periods, if such dividends are cumulative) per share of Series B Convertible Preferred Stock and such shares of Parity Stock bear to each other.

In addition, as long as any shares of Series B Convertible Preferred Stock are outstanding, the Corporation may not purchase, redeem or otherwise acquire any Parity Stock (except with any Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith) unless:

- (i) full dividends on the Series B Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock purchase, redemption or other acquisition payment to the extent such dividends are cumulative;
- (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series B Convertible Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem any Series B Convertible Preferred Stock or Parity Stock.

SECTION 3. Redemption and Conversion. (a) Mandatory Conversion. On August 1, 2000 (the "Mandatory Conversion Date"), each half share of Series B Convertible Preferred Stock shall convert automatically (the "Mandatory Conversion") into

- (i) shares of Class A Common Stock at the Common Equivalent Rate (as hereinafter defined) in effect on the Mandatory Conversion Date, (ii) cash in lieu of fractional shares and (iii) the right to receive an amount in cash equal to all accrued and unpaid dividends thereon (other than previously declared dividends payable to a holder of record as of a prior date) to the Mandatory Conversion Date, whether or not declared, out of funds legally available for the payment of dividends, subject to the right of the Corporation to redeem the shares of Series B Convertible Preferred Stock on or after August 1, 1999 (the "Initial Redemption Date") and prior to the Mandatory Conversion Date, as described below, and subject to the conversion of the shares of Series B Convertible Preferred Stock at the option of the holder at any time prior to the Mandatory Conversion Date, as described below. The Common Equivalent Rate is initially one share of Class A Common Stock for each half share of Series B Convertible Preferred Stock and is subject to adjustment as set forth below. Dividends on the shares of Series B Convertible Preferred Stock shall cease to accrue and such shares shall cease to be outstanding on the Mandatory Conversion Date. The Corporation shall make such arrangements as it deems appropriate for the issuance of certificates representing shares of Class A Common Stock and for the payment of cash in respect of such accrued and unpaid dividends, if any, or cash in lieu of fractional shares, if any, in exchange for and contingent upon surrender of certificates representing the shares of Series B Convertible Preferred Stock, and the Corporation may defer the payment of dividends on such shares of Class A Common Stock and the voting thereof until, and make such payment and voting contingent upon, the surrender of such certificates representing the shares of Series B Convertible Preferred Stock, provided that

the Corporation shall give the holders of the shares of Series B Convertible Preferred Stock such notice of any such actions as the Corporation deems appropriate and upon such surrender such holders shall be entitled to receive such dividends declared and paid to holders of shares of Class A Common Stock as of a record date subsequent to the Mandatory Conversion Date. Amounts payable in cash in respect of the shares of Series B Convertible Preferred Stock or in respect of such shares of Class A Common Stock shall not bear interest.

(b) Redemption by the Corporation.

(i) Right to Redeem. Shares of Series B Convertible Preferred Stock are not redeemable by the Corporation prior to the Initial Redemption Date. At any time and from time to time on or after the Initial Redemption Date until immediately prior to the Mandatory Conversion Date, the Corporation shall have the right to redeem, in whole or in part, the outstanding shares of Series B Convertible Preferred Stock. Upon any such redemption, the Corporation shall deliver to the holders of shares of Series B Convertible Preferred Stock, in accordance with the provisions hereof, in exchange for each half share so redeemed, the greater of (A) a number of shares of Class A Common Stock equal to the Call Price (as hereinafter defined) in effect on the redemption date divided by the Current Market Price (as hereinafter defined) of the Class A Common Stock determined as of the second Trading Date immediately preceding the Notice Date (as hereinafter defined) or (B) .8439 of a share of Class A Common Stock (subject to adjustment in the same manner as the Optional Conversion Rate (as hereinafter defined) is adjusted). The public announcement of any call for redemption shall be made (by press release to the Dow Jones News Service) prior to, or at the time of, the mailing of the notice of such call to holders of shares of Series B Convertible Preferred Stock as described below. If fewer than all the outstanding shares (including any half share increments) of Series B Convertible Preferred Stock are to be redeemed, shares of Series B Convertible Preferred Stock to be redeemed shall be selected by the Corporation from outstanding shares of Series B Convertible Preferred Stock not previously redeemed by lot or pro rata (as nearly as may be practicable) or by any other method determined by the Board of Directors in its sole discretion to be equitable. As used in this subsection (b), the term "Notice Date" with respect to any notice given by the Corporation in connection with a redemption of shares of Series B Convertible Preferred Stock means the date on which first occurs either the public announcement of such redemption or the commencement of mailing of such notice to the holders of shares of Series B Convertible Preferred Stock.

(ii) Notice of Redemption. The Corporation shall provide notice of any call for redemption of the shares of Series B Convertible Preferred Stock to holders of record of Series B

Convertible Preferred Stock to be called for redemption not less than 15 nor more than 60 days prior to the date fixed for such redemption; provided that so long as the Series B Convertible Preferred Stock shall be represented by depositary shares, such notice shall be provided to the depositary sufficiently in advance of the mailing so that a notice of redemption may be simultaneously mailed to holders of depositary shares. Such notice shall be provided by mailing notice of such redemption, first class postage prepaid, to each holder of record of shares of Series B Convertible Preferred Stock to be redeemed, at such holder's address as it appears on the stock register of the Corporation; provided, however, that neither failure to give such notice nor any defect therein shall affect the validity of the proceeding for the redemption of any shares of Series B Convertible Preferred Stock to be redeemed except as to the holders to whom the Corporation has failed to give said notice or whose notice was defective.

Each such notice shall state, as appropriate, the following and may contain such other information as the Corporation deems advisable:

(A) the redemption date;

(B) that all outstanding shares of Series B Convertible Preferred Stock are to be redeemed or, in the case of a call for redemption of fewer than all outstanding shares of Series B Convertible Preferred Stock, the number of such shares (or half shares) held by such holder to be redeemed;

(C) the number of shares of Class A Common Stock deliverable upon redemption of each half share of Series B Convertible Preferred Stock to be redeemed and, if applicable, the Call Price and the Current Market Price used to calculate such number of shares of Class A Common Stock;

(D) the place or places where certificates for such shares are to be surrendered for redemption; and

(E) that the dividends on the shares of Series B Convertible Preferred Stock to be redeemed shall cease to accrue on such redemption date (except as otherwise provided herein).

(iii) Deposit of Shares and Funds. The Corporation's obligation to deliver shares of Class A Common Stock and provide funds upon redemption in accordance with this Section 3(b) shall be deemed fulfilled if, on or before a redemption date, the Corporation shall irrevocably deposit, with a bank or trust company, or an affiliate of a bank or trust company, having an

office or agency in New York City and having a capital and surplus of at least \$100 million or shall set aside or make other reasonable provision for the issuance of such number of shares of Class A Common Stock as are required to be delivered by the Corporation pursuant to this Section 3(b) upon the occurrence of the related redemption (and for the payment of cash in lieu of the issuance of fractional share amounts and accrued and unpaid dividends payable in cash on the shares to be redeemed as and to the extent provided by this Section 3). Any interest accrued on such funds shall be paid to the Corporation from time to time. Any shares of Class A Common Stock or funds so deposited and unclaimed at the end of two years from such redemption date shall be repaid and released to the Corporation, after which the holder or holders of such shares of Series B Convertible Preferred Stock so called for redemption shall look only to the Corporation for delivery of such shares of Class A Common Stock or funds.

(iv) Surrender of Certificates; Status. Each holder of shares of Series B Convertible Preferred Stock to be redeemed shall surrender the certificates evidencing such shares (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state) to the Corporation at the place designated in the notice of such redemption and shall thereupon be entitled to receive certificates evidencing shares of Class A Common Stock and to receive any funds payable pursuant to this Section 3 following such surrender and following the date of such redemption. In case fewer than all the half shares represented by any such surrendered certificate are called for redemption, a new certificate shall be issued at the expense of the Corporation representing the unredeemed shares (or half shares). If such notice of redemption shall have been given, and if on the date fixed for redemption, shares of Class A Common Stock and funds necessary for the redemption shall have been irrevocably either set aside by the Corporation separate and apart from its other funds or assets in trust for the account of the holders of the shares to be redeemed or converted (and so as to be and continue to be available therefor) or deposited with a bank or a trust company or an affiliate thereof as provided herein or the Corporation shall have made other reasonable provision therefor, then, notwithstanding that the certificates evidencing any shares of Series B Convertible Preferred Stock so called for redemption or subject to conversion shall not have been surrendered, the shares represented thereby so called for redemption shall be deemed no longer outstanding, dividends with respect to the shares so called for redemption shall cease to accrue on the date fixed for redemption (except that holders of shares of Series B Convertible Preferred Stock at the close of business on a record date for any payment of dividends shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares following such record date and prior to such Dividend Payment

Date) and all rights with respect to the shares so called for redemption shall forthwith after such date cease and terminate, except for the rights of the holders to receive the shares of Class A Common Stock and funds, if any, payable pursuant to this Section 3 without interest upon surrender of their certificates therefor (unless the Corporation defaults on the delivery of such shares or the payment of such funds). Holders of shares of Series B Convertible Preferred Stock that are redeemed shall not be entitled to receive dividends declared and paid on such shares of Class A Common Stock, and such shares of Class A Common Stock shall not be entitled to vote, until such shares of Class A Common Stock are issued upon the surrender of the certificates representing such shares of Series B Convertible Preferred Stock and upon such surrender such holders shall be entitled to receive such dividends declared and paid to holders of Class A Common Stock as of a record date subsequent to such redemption date without interest thereon.

(c) Conversion at Option of Holder. Shares of Series B Convertible Preferred Stock are convertible, in whole or in part, at the option of the holders thereof, at any time prior to the Mandatory Conversion Date, unless previously redeemed, into shares of Class A Common Stock at a rate of .8439 of a share of Class A Common Stock for each half share of Series B Convertible Preferred Stock (the "Optional Conversion Rate") (equivalent to a conversion price of \$11.55 per share of Class A Common Stock based on the Stated Liquidation Amount), subject to adjustment as set forth below. The right to convert shares of Series B Convertible Preferred Stock called for redemption shall terminate immediately prior to the close of business on the redemption date.

Conversion of shares of Series B Convertible Preferred Stock at the option of the holder may be effected by delivering certificates evidencing such shares, together with written notice of conversion (and, if applicable, cash payment of an amount equal to the dividend attributable to the current quarterly dividend accrued on such shares) to the office or agency to be maintained by the Corporation for that purpose and otherwise in accordance with conversion procedures established by the Corporation. Each optional conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the foregoing requirements shall have been satisfied. The conversion shall be at the Optional Conversion Rate in effect at such time and on such date.

Holders of shares of Series B Convertible Preferred Stock at the close of business on a record date for any payment of declared dividends shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the optional conversion of such shares following such record date and prior to the corresponding Dividend Payment

Date. However, shares of Series B Convertible Preferred Stock surrendered for conversion after the close of business on a record date for any payment of dividends and before the opening of business on the next succeeding Dividend Payment Date must be accompanied by payment in cash of an amount equal to the dividend thereon which is to be paid on such Dividend Payment Date (unless such shares have been called for redemption on a redemption date between such record date and such Dividend Payment Date). A holder on the relevant record date of shares of Series B Convertible Preferred Stock called for redemption on August 1, 1999 or any other Dividend Payment Date thereafter will receive the dividend on such shares payable on that date and will be able to convert the shares of Series B Convertible Preferred Stock after the record date for such dividend without paying an amount equal to such dividend to the Corporation upon conversion. Except as provided above, upon any optional conversion of shares of Series B Convertible Preferred Stock, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares of Series B Convertible Preferred Stock or for previously declared dividends or distributions on the shares of Class A Common Stock issued upon such conversion.

(d) Common Equivalent Rate and Optional Conversion Rate Adjustments. The Common Equivalent Rate and the Optional Conversion Rate shall each be subject to adjustment from time to time as provided below in this subsection (d).

(i) If the Corporation shall, after the date of initial issuance of shares of this Series:

(A) pay a stock dividend or make a distribution with respect to its Class A Common Stock in shares of capital stock of the Corporation,

(B) subdivide or split its outstanding Class A Common Stock into a greater number of shares,

(C) combine its outstanding shares of Class A Common Stock into a smaller number of shares, or

(D) issue by reclassification of its shares of Class A Common Stock any shares of capital stock of the Corporation,

then, in any such event, the Common Equivalent Rate and the Optional Conversion Rate in effect immediately prior to such event shall each be adjusted so that the holder of any shares of Series B Convertible Preferred Stock thereafter shall be entitled to receive, upon Mandatory Conversion or upon conversion at the option of the holder, the number of shares of Class A Common Stock or other capital stock of the Corporation which such holder would have owned or been entitled to receive immediately

following any event described above had such shares of Series B Convertible Preferred Stock been converted immediately prior to such event or any record date with respect thereto. Such adjustment shall become effective as of the opening of business on the business day next following the record date for determination of stockholders entitled to receive such dividend or distribution, in the case of a dividend or distribution, and shall become effective immediately after the effective date, in the case of a subdivision, split, combination or reclassification. Such adjustments shall be made successively.

(ii) If the Corporation shall, after the initial date of issuance of shares of this Series, issue rights or warrants to all holders of its Class A Common Stock entitling them (for a period not exceeding 45 days from the date of such issuance) to subscribe for or purchase shares of Class A Common Stock at a price per share less than the Current Market Price of the Class A Common Stock, on the record date for the determination of stockholders entitled to receive such rights or warrants, then, in any such event unless such rights or warrants are issued to holders of shares of Series B Convertible Preferred Stock on a pro rata basis with the shares of Class A Common Stock based on the Common Equivalent Rate on such record date, the Common Equivalent Rate and Optional Conversion Rate shall each be adjusted by multiplying the Common Equivalent Rate and the Optional Conversion Rate in effect at the opening of business on the business day following such record date, by a fraction, of which the numerator shall be the number of shares of Class A Common Stock outstanding at the close of business on such record date, plus the number of additional shares of Class A Common Stock offered for subscription or purchase pursuant to such rights or warrants, and of which the denominator shall be the number of shares of Class A Common Stock outstanding at the close of business on such record date, plus the number of additional shares of Class A Common Stock which the aggregate offering price of the total number of shares of Class A Common Stock so offered for subscription or purchase pursuant to such rights or warrants would purchase at such Current Market Price (determined by multiplying such total number of shares by the exercise price of such rights or warrants and dividing the product so obtained by such Current Market Price). Such adjustment shall become effective immediately after the opening of business on the business day next following the record date for the determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Class A Common Stock are not delivered after the expiration of such rights or warrants, the Common Equivalent Rate and the Optional Conversion Rate shall each be readjusted to the Common Equivalent Rate and the Optional Conversion Rate which would then be in effect had the adjustments been made upon the issuance of such rights or warrants upon the basis of delivery of only the number of shares of Class A Common

Stock actually delivered. Such adjustments shall be made successively.

(iii) If the Corporation shall, after the date of initial issuance of shares of this Series, pay a dividend or make a distribution to all holders of its Class A Common Stock of evidences of its indebtedness, cash or other assets (including capital stock of the Corporation but excluding any cash dividends or distributions, other than Extraordinary Cash Distributions (as hereinafter defined) and dividends referred to in clause (i) (A) above) or shall issue to all holders of its Class A Common Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (ii) above), then unless such dividend is paid or distribution is made or rights or warrants are issued to each holder of shares of Series B Convertible Preferred Stock on a pro rata basis with the shares of Class A Common Stock based on the Common Equivalent Rate on the record date for the determination of stockholders entitled to receive such payment or distribution or issuance, in any such event, the Common Equivalent Rate and the Optional Conversion Rate shall each be adjusted by multiplying the Common Equivalent Rate and the Optional Conversion Rate, in effect on such record date, by a fraction, of which the numerator shall be the Current Market Price per share of Class A Common Stock on such record date, and of which the denominator shall be such Current Market Price per share of Class A Common Stock as of such record date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution adopted with respect thereto) of the portion of the assets or evidences of indebtedness so distributed or of such subscription rights or warrants applicable to one share of Class A Common Stock. Such adjustment shall become effective on the opening of business on the business day next following the record date for the determination of stockholders entitled to receive such dividend or distribution or rights or warrants. Such adjustments shall be made successively. As used in this clause (iii) the term "Extraordinary Cash Distributions" means, with respect to any cash dividend or distribution paid on any date, the amount, if any, by which all cash dividends and cash distributions on the Class A Common Stock paid during the consecutive 12-month period ending on and including such date (other than cash dividends and cash distributions for which an adjustment to the Common Equivalent Rate and the Optional Conversion Rate was previously made) exceeds, on a per share of Class A Common Stock basis, 15% of the average of the daily Closing Prices of the Class A Common Stock over such consecutive 12-month period.

(iv) For purposes of calculating the number of outstanding shares of Class A Common Stock under clause (ii) of this subsection (d), (A) any shares of Class A Common Stock issuable in payment of a dividend shall be deemed to have been

issued immediately prior to the close of business on the record date for such dividend, and (B) all shares of Class A Common Stock issuable upon conversion, redemption or exchange of any securities or upon exercise of any options, warrants or other rights to acquire Class A Common Stock that are outstanding immediately prior to the issuance of any rights or warrants referred to in such clause (ii) shall be deemed to be outstanding.

(v) The Corporation shall also be entitled (but will not be required) to make upward adjustments in the Common Equivalent Rate, the Optional Conversion Rate and the Call Price, as it in its sole discretion shall determine to be advisable, in order that any stock dividends, subdivisions or splits of shares, distribution of rights to purchase stock or securities, or distribution of securities convertible into or exchangeable for stock (or any transaction which could be treated as any of the foregoing transactions pursuant to Section 305 of the Internal Revenue Code of 1986, as amended) made by the Corporation to its stockholders after the date of initial issuance of shares of this series shall not be taxable.

(vi) In any case in which subsection 3(d) shall require that an adjustment as a result of any event become effective at or as of the opening of business on the business day next following a record date and the date fixed for conversion pursuant to subsection 3(a) or 3(c) or redemption pursuant to subsection 3(b) occurs after such record date, but before the occurrence of such event, the Corporation may, in its sole discretion, elect to defer the following until after the occurrence of such event: (A) issuing to the holder of any converted or redeemed shares of Series B Convertible Preferred Stock the additional shares of Class A Common Stock issuable upon such conversion or redemption over the shares of Class A Common Stock issuable before giving effect to such adjustments and (B) paying to such holder any amount in cash in lieu of a fractional share of Class A Common Stock pursuant to subsection 3(i).

(vii) All adjustments to the Common Equivalent Rate and the Optional Conversion Rate shall be calculated to the nearest 1/100th of a share of Class A Common Stock. No adjustment in the Class A Common Equivalent Rate or the Optional Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least one percent in the Common Equivalent Rate; provided, however, that any adjustment which by reason of this clause (vii) is not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(e) Adjustment for Consolidation or Merger. In the case of (i) any consolidation or merger to which the Corporation is a party (other than a merger or consolidation in which the Corporation is the surviving or continuing corporation and in which the Class A Common Stock outstanding immediately prior to the merger or consolidation remains unchanged), (ii) any sale or transfer to another corporation of the property of the Corporation as an entirety or substantially as an entirety, or (iii) any statutory exchange of securities with another corporation (other than in connection with a merger or acquisition), proper provision shall be made so that each share of Series B Convertible Preferred Stock shall, after consummation of such transaction, be subject to (A) conversion at the option of the holder into the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Class A Common Stock into which such share of Series B Convertible Preferred Stock might have been converted immediately prior to consummation of such transaction; (B) conversion on the Mandatory Conversion Date into the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Class A Common Stock into which such share of Series B Convertible Preferred Stock would have been converted if the conversion on the Mandatory Conversion Date had occurred immediately prior to the date of consummation of such transaction, plus the right to receive cash in an amount equal to all accrued and unpaid dividends on such shares of Series B Convertible Preferred Stock (other than previously declared dividends payable to a holder of record as of a prior date); and (C) redemption on any redemption date in exchange for the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Class A Common Stock that would have been issuable at the Call Price in effect on such redemption date upon a redemption of such share immediately prior to consummation of such transaction, assuming that, if the Notice Date for such redemption is not prior to such transaction, the Notice Date had been the date of such transaction and assuming in each case that such holder of Class A Common Stock failed to exercise rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon consummation of such transaction (provided that if the kind or amount of securities, cash or other property receivable upon consummation of such transaction is not the same for each non-electing share, then the kind and amount of securities, cash or other property receivable upon consummation of such transaction for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). The kind and amount of securities into or for which the shares of Series B Convertible Preferred Stock shall be convertible or redeemable after consummation of such transaction shall be subject to adjustment as described in subsection (d) of this Section 3 following the date of

consummation of such transaction. The Corporation may not become a party to any such transaction unless the terms thereof are consistent with the foregoing or consistent with clause (iii) of subsection 7(c).

For purposes of the immediately preceding paragraph and subsection 3(g)(iii), any sale or transfer to another corporation of property of the Corporation which did not account for at least 50% of the consolidated net income of the Corporation for its most recent fiscal year ending prior to the consummation of such transaction shall not in any event be deemed to be a sale or transfer of the property of the Corporation as an entirety or substantially as an entirety.

(f) Notice of Adjustments. Whenever the Common Equivalent Rate and Optional Conversion Rate are adjusted as herein provided, the Corporation shall:

(i) forthwith compute the adjusted Common Equivalent Rate and Optional Conversion Rate in accordance herewith and prepare a certificate signed by an officer of the Corporation setting forth the adjusted Common Equivalent Rate and the Optional Conversion Rate, the method of calculation thereof in reasonable detail and the facts requiring such adjustment and upon which such adjustment is based, which certificate shall be conclusive, final and binding evidence of the correctness of the adjustment, and file such certificate forthwith with the transfer agent for the shares of Series B Convertible Preferred Stock and the Class A Common Stock or at such other office or agency maintained by the Corporation for the purpose of conversion of the Series B Convertible Preferred Stock; and

(ii) make a prompt public announcement and mail a notice to the holders of the outstanding shares of Series B Convertible Preferred Stock stating that the Common Equivalent Rate and the Optional Conversion Rate have been adjusted, the facts requiring such adjustment and upon which such adjustment is based and setting forth the adjusted Common Equivalent Rate and Optional Conversion Rate, such notice to be mailed at or prior to the time the Corporation mails an interim statement to its stockholders covering the fiscal quarter during which the facts requiring such adjustment occurred, but in any event within 45 days of the end of such fiscal quarter.

(g) Notices. In case, at any time while any of the shares of Series B Convertible Preferred Stock are outstanding:

(i) the Corporation shall declare a dividend (or any other distribution) on its Class A Common Stock, excluding any cash dividends; or

(ii) the Corporation shall authorize the issuance to all holders of its Class A Common Stock of rights or warrants to subscribe for or purchase shares of its Class A Common Stock or of any other subscription rights or warrants; or

(iii) the Corporation shall authorize any reclassification of its Class A Common Stock (other than a subdivision or combination thereof) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required (except for a merger of the Corporation into one of its subsidiaries solely for the purpose of changing the corporate domicile of the Corporation to another state of the United States and in connection with which there is no substantive change in the rights or privileges of any securities of the Corporation other than changes resulting from differences in the corporate statutes of the then existing and the new state of domicile), or the sale or transfer to another corporation of the property of the Corporation as an entirety or substantially as an entirety; or

(iv) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the shares of Series B Convertible Preferred Stock, and shall cause to be mailed to the holders of shares of Series B Convertible Preferred Stock at their last addresses as they shall appear on the stock register, at least 10 days before the date hereinafter specified (or the earlier of the dates hereinafter specified, in the event that more than one date is specified), a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Class A Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (B) the date on which any such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective and the date as of which it is expected that holders of Class A Common Stock of record shall be entitled to exchange their Class A Common Stock for securities or other property (including cash), if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. The failure to give or receive the notice required by this subsection (g) or any defect therein shall not affect the legality or validity of such dividend, distribution, right or warrant or other action.

(h) Effect of Conversions and Redemptions. The person or persons in whose name or names any certificate or certificates for shares of Class A Common Stock shall be issuable upon any conversion or redemption shall be deemed to have become on the date of any such conversion or redemption the holder or holders of record of the shares represented thereby; provided, however, that any such surrender on any date when the stock transfer books of the Corporation shall be closed shall constitute the Person or Persons in whose name or names the certificate or certificates for such shares are to be issued as the record holder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open..

(i) Fractional Shares. No fractional shares or scrip representing fractional shares of Class A Common Stock shall be issued upon the redemption or conversion of any shares of Series B Convertible Preferred Stock. In lieu of any fractional share otherwise issuable in respect of the aggregate number of shares of Series B Convertible Preferred Stock of any holder which are redeemed or converted on any redemption date or upon Mandatory Conversion or any optional conversion, such holder shall be entitled to receive an amount in cash (computed to the nearest cent) equal to the same fraction of the (i) Current Market Price per share of Class A Common Stock as of the second Trading Date immediately preceding the Notice Date, in the case of redemption, or (ii) Closing Price of the Class A Common Stock determined (A) as of the fifth Trading Date immediately preceding the Mandatory Conversion Date, in the case of Mandatory Conversion, or (B) as of the second Trading Date immediately preceding the effective date of conversion, in the case of any optional conversion by a holder. If more than one half share shall be surrendered for conversion or redemption at one time by or for the same holder, the number of full shares of Class A Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series B Convertible Preferred Stock so surrendered or redeemed.

(j) Reissuance. Shares of Series B Convertible Preferred Stock that have been issued and reacquired in any manner, including shares purchased, exchanged, redeemed or converted, shall not be reissued as part of Series B Convertible Preferred Stock and shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of the Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of Preferred Stock.

(k) Payment of Taxes. The Corporation shall pay any and all documentary, stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Class A Common Stock on the redemption or conversion of shares of Series B Convertible Preferred Stock pursuant to this Section 3;

provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any registration of transfer involved in the issue or delivery of shares of Class A Common Stock in a name other than that of the registered holder of shares of Series B Convertible Preferred Stock redeemed or converted or to be redeemed or converted, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(1) Reservation of Class A Common Stock. The Corporation shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Class A Common Stock and/or its issued Class A Common Stock held in its treasury, for the purpose of effecting any Mandatory Conversion of the shares of Series B Convertible Preferred Stock or any conversion of the shares of Series B Convertible Preferred Stock at the option of the holder, the full number shares of Class A Common Stock then deliverable upon any such conversion of all outstanding shares of Series B Convertible Preferred Stock.

SECTION 4. Liquidation Rights. (a) In the event of the liquidation, dissolution, or winding up of the business of the Corporation, whether voluntary or involuntary, the holders of shares of Series B Convertible Preferred Stock then outstanding, after payment or provision for payment of the debts and other liabilities of the Corporation and the payment or provision for payment of any distribution on any shares of the Corporation having a preference and a priority over the shares of Series B Convertible Preferred Stock on liquidation, and before any distribution to the holders of Junior Stock, shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders an amount per half share of Series B Convertible Preferred Stock in cash equal to the sum of (i) \$9.75 (the "Stated Liquidation Amount") plus (ii) all accrued and unpaid dividends thereon. In the event the assets of the Corporation available for distribution to the holders of the shares of Series B Convertible Preferred Stock upon any dissolution, liquidation or winding up of the Corporation shall be insufficient to permit payment of the full preferential amounts payable to the holders of outstanding shares of Series B Convertible Preferred Stock and of all other series of Parity Stock, the holders of shares of Series B Convertible Preferred Stock and of all other series of Parity Stock shall share ratably in such distribution of assets in proportion to the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series B Convertible Preferred Stock and the holders of outstanding shares of such Parity Stock were paid in full. Except as provided in this Section 4, holders of Series B Convertible Preferred Stock shall not be entitled to

any distribution in the event of liquidation, dissolution or winding up of the affairs of the Corporation.

(b) For the purposes of this Section 4, none of the following shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation:

(i) the sale, lease, transfer or exchange of all or substantially all of the assets of the Corporation; or

(ii) the consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the corporation surviving such consolidation or merger).

SECTION 5. No Preemptive Rights. The holders of shares of Series B Convertible Preferred Stock shall have no preemptive rights, including preemptive rights with respect to any shares of capital stock or other securities of the Corporation convertible into or carrying rights or options to purchase any such shares.

SECTION 6. Voting Rights. (a) The holders of shares of Series B Convertible Preferred Stock shall have the right with the holders of Common Stock to vote in the election of directors and upon each other matter coming before any meeting of the stockholders on the basis of 4/5 of a vote for each half share held. The holders of shares of Series B Convertible Preferred Stock and the holders of Common Stock shall vote together as one class except as otherwise set forth herein or as otherwise provided by law or elsewhere in the Restated Certificate of Incorporation of the Corporation, as amended.

(b) If at any time dividends payable on the shares of Series B Convertible Preferred Stock or any other series of Preferred Stock, other than the Series A Redeemable Convertible Preferred Stock, to the extent owned by Hollinger Inc. or any other Affiliate of the Company, and any other Preferred Stock owned by an Affiliate of the Company, are in arrears and unpaid in an aggregate amount equal to or exceeding the aggregate amount of dividends payable on all such series for six quarterly dividend periods, or if any other series of Preferred Stock shall be entitled for any other reason to exercise voting rights, separate from the Common Stock, to elect any Directors of the Corporation ("Preferred Stock Directors"), the holders of the shares of Series B Convertible Preferred Stock, voting separately as a class with the holders of all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable, with each share of Series B Convertible Preferred Stock entitled to one vote on this and other matters upon which Preferred Stock votes as a group, shall have the right to vote for the election of two Preferred Stock Directors of the

Corporation, such Preferred Stock Directors to be in addition to the number of Directors constituting the Board of Directors of the Corporation immediately prior to the accrual of such right. Such right of the holders of shares of Series B Convertible Preferred Stock to vote for the election of two Preferred Stock Directors shall, when vested, continue until all dividends in arrears on the shares of Series B Convertible Preferred Stock and such other series of Preferred Stock shall have been paid in full and the right of any other series of Preferred Stock to exercise voting rights, separate from the Common Stock, to elect Preferred Stock Directors shall terminate or have terminated and, when so paid, and any such termination occurs or has occurred, such right of the holders of shares of Series B Convertible Preferred Stock to vote for the election of two Preferred Stock Directors shall cease, subject always to the same provisions for the vesting of such right of the holders of the shares of Series B Convertible Preferred Stock to vote for the election of two Preferred Stock Directors in the case of future dividend defaults.

The term of office of any Preferred Stock Director elected pursuant to the preceding paragraph shall terminate on the earliest of (i) the next annual meeting of stockholders at which a successor shall have been elected and qualified or (ii) the termination of the right of the holders of shares of Series B Convertible Preferred Stock and such other series of Preferred Stock to vote for Preferred Stock Directors pursuant to the preceding paragraph. Vacancies on the Board of Directors resulting from the death, resignation or other cause of any such Preferred Stock Director shall be filled by no less than a majority of the remaining Directors and the Director so elected shall hold office until a successor is elected and qualified.

(c) For as long as any shares of Series B Convertible Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least $\frac{66}{100}$ 2/3 of the shares thereof actually voting (voting separately as a class) in person or by proxy at any annual meeting or special meeting of the shareholders called for such purpose, or by written consent, shall be necessary to (i) amend, alter or repeal any of the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which would adversely affect the powers, preferences or rights of the holders of the shares of Series B Convertible Preferred Stock then outstanding or reduce the minimum time required for any notice to which holders of shares of Series B Convertible Preferred Stock then outstanding may be entitled; provided, however, that any such amendment, alteration or repeal that would authorize, create or increase the authorized amount of any additional shares of Junior Stock or of Parity Stock (whether or not already authorized) shall not be deemed to affect adversely such powers, preferences or rights and shall not be subject to approval by the holders of shares of Series B Convertible Preferred Stock; and provided further that clause (i)

shall not be applicable to the amendment, alteration or repeal of any provisions of the Restated Certificate of Incorporation of the Corporation, as amended, prior to the issuance of any shares of Series B Convertible Preferred Stock; (ii) authorize or create, or increase the authorized amount of, any Senior Stock, or any security convertible into Senior Stock; or (iii) merge or consolidate with or into any other corporation, unless each holder of the shares of Series B Convertible Preferred Stock immediately preceding such merger or consolidation shall have the right either to (A) receive or continue to hold in the resulting corporation the same number of shares, with substantially the same rights and preferences, as corresponds to the shares of Series B Convertible Preferred Stock so held or (B) convert into shares of Class A Common Stock at the Common Equivalent Rate in effect on the date immediately preceding the announcement of any such merger or consolidation.

There is no limitation on the issuance by the Corporation of Junior Stock or Parity Stock.

Notwithstanding the provisions set forth in the first paragraph of this subsection (c), however, no such approval described therein of the holders of the shares of Series B Convertible Preferred Stock shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when such consolidation or merger is to take effect, as the case may be, provision is made for the redemption of all shares of Series B Convertible Preferred Stock at the time outstanding.

SECTION 7. Definitions. As used in this Certificate of Designations:

(a) The term "Affiliate" means with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person that owns, directly or indirectly, 10% or more of such Person's equity ownership or Voting Stock or any officer or director of any such Person or other Person or with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin. For the purposes of this definition, (x) "control" when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings relative to the foregoing, (y) "Person" means any individual, corporation, limited liability company, limited or general partnership, unincorporated organization or government or any agency or political subdivision thereof,

and (z) "Voting Stock" means stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(b) The term "business day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close or are closed because of a banking moratorium or otherwise.

(c) The term "Call Price" of each half share of Convertible Preferred Stock represented by a PRIDES means the sum of (i) \$9.988 on and after August 1, 1999, to and including October 31, 1999, \$9.928 on and after November 1, 1999, to and including January 31, 2000, \$9.869 on and after February 1, 2000, to and including April 30, 2000, \$9.810 on and after May 1, 2000, to and including July 31, 2000, and \$9.750 (being the per share price to the public of the PRIDES appearing on the cover page of this Prospectus) on the Mandatory Conversion Date, and (ii) all accrued and unpaid dividends thereon to but not including the date fixed for redemption (other than previously declared dividends payable to a holder of record as of a prior date).

(d) The term "Class A Common Stock" means the Class A Common Stock, par value \$.01 per share, of the Corporation.

(e) The term "Class B Common Stock" means the Class B Common Stock, par value \$.01 per share, of the Corporation.

(f) The term "Closing Price" on any day means the last reported sales price on the New York Stock Exchange or, if not listed thereon, the Nasdaq National Market or the average of the bid and asked prices on the over the counter market, as appropriate.

(g) The term "Common Stock" means the Class A Common Stock and the Class B Common Stock, neither of which has any preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and neither of which is subject to redemption by the Corporation. However, shares of Class A Common Stock issuable upon conversion of shares of Series B Convertible Preferred Stock shall include only shares of the class designated as Class A Common Stock as of the date of initial issuance of shares of this Series, or shares of the Corporation of any class or classes resulting from any reclassification or reclassifications

thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and which are not subject to redemption by the Corporation; provided, however, that, if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from such reclassification bears to the total number of shares of all classes resulting from all such reclassifications.

(h) The term "Current Market Price" per share of Class A Common Stock at any date means the lesser of (x) the average of the daily Closing Prices of the Class A Common Stock for the fifteen consecutive Trading Dates ending on and including the date in question and (y) the Closing Price of the Class A Common Stock for such date; provided, however, if any event that results in an adjustment of the Common Equivalent Rate occurs during such fifteen-day period, the Current Market Price as determined pursuant to the foregoing shall be appropriately adjusted to reflect the occurrence of such event.

(i) The term "Trading Date" means a date on which the New York Stock Exchange (or any successor thereto) is open for the transaction of business.

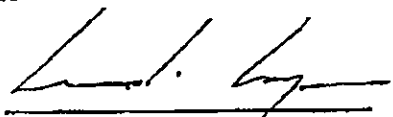
SECTION 8. Construction. It is intended that the holders of half share increments of Series B Convertible Preferred Stock be entitled to all of the rights, powers and preferences conferred upon holders of the Series B Convertible Preferred Stock pursuant to this Certificate of Designations, and nothing herein shall be construed to require that any holder own a full share of Series B Convertible Preferred Stock, or increments of full shares, in order to exercise or to be entitled to such rights, powers and preferences.

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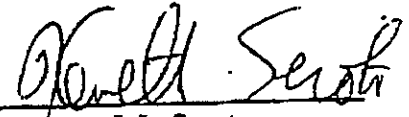
IN WITNESS WHEREOF, Hollinger International Inc., has caused this Certificate of Designations of Series B Convertible Preferred Stock to be signed and attested this 5th day of August, 1996.

ATTEST:

HOLLINGER INTERNATIONAL INC.

By: 

Linda Loye,
Assistant Secretary

By: 

Kenneth L. Serota,
Vice President - Law and
Finance and Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 04/18/1997
971126925 - 2250780

HOLLINGER INTERNATIONAL INC.

CERTIFICATE OF DESIGNATIONS

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

SERIES 1 NONVOTING PREFERRED STOCK

HOLLINGER INTERNATIONAL INC., a Delaware corporation (the "Corporation"), certifies that, pursuant to the authority contained in Article 4 of its Restated Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value U.S. \$.01 per share, designated as Series 1 Nonvoting Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, par value U.S. \$.01 per share, of the Corporation is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

SECTION 1. Designation and Amount. The shares of such series shall be designated as "Series 1 Nonvoting Preferred Stock", and the number of whole shares constituting such series shall be 23,267.

SECTION 2. Dividends.

(a) The holder of shares of Series 1 Nonvoting Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, cash dividends, out of funds legally available for the purpose, in the respective amounts determined in accordance with the provisions of this Section 2 (each such day set by the Board of Directors of the Corporation for the payment of cash dividends to the holders of shares of Series 1 Nonvoting Preferred Stock being herein called a "Dividend Payment Date"), accruing from the date on which shares of Series 1 Nonvoting Preferred Stock are first issued (the "Issue Date").

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(b) The dividend payable upon the shares of Series 1 Nonvoting Preferred Stock on a particular Dividend Payment Date shall be an amount per share of Series 1 Nonvoting Preferred Stock equal to (i) the aggregate amount (if any) of the Class A Common Stock Dividends that would have been paid by the Corporation during the Payment Period (as herein defined) immediately preceding such Dividend Payment Date divided by (ii) 23,267 (being the number of authorized and initially issued shares of Series 1 Nonvoting Preferred Stock).

(c) Dividends upon shares of Series 1 Nonvoting Preferred Stock shall be payable to the holders of record as they appear on the stock register of the Corporation on a record date fixed with respect to each Dividend Payment Date by the Board of Directors of the Corporation, which shall in each case be a date not more than 60 days preceding such Dividend Payment Date.

(d) Such dividends upon shares of Series 1 Nonvoting Preferred Stock shall be cumulative and will accrue, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared, from the previous Dividend Payment Date or the Issue Date if prior to the first Dividend Payment Date. Accumulated unpaid dividends shall not bear interest. Dividends will cease to accrue in respect of shares of Series 1 Nonvoting Preferred Stock on the earlier of the date fixed for redemption or mandatory exchange ("Mandatory Exchange") pursuant to the Exchange Agreement (as herein defined).

(e) The shares of Series 1 Nonvoting Preferred Stock will rank junior, both as to payment of dividends and distribution of assets upon liquidation, to the outstanding shares of Series A Preferred Stock, Series B Convertible Preferred Stock (as each is herein defined) and any future series of preferred stock ranking senior to the Series 1 Nonvoting Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation ("Senior Stock"), and will rank on a parity, both as to payment of dividends and distribution of assets upon liquidation, with the Common Stock, the Series 2 Nonvoting Preferred Stock (as each is herein defined) and with any future preferred stock issued by the Corporation that by its terms ranks on a parity with the Series 1 Nonvoting Preferred Stock ("Parity Stock").

(f) As long as any shares of Series 1 Nonvoting Preferred Stock are outstanding, no dividends for any dividend period (other than dividends payable in shares of, or warrants, rights or options exercisable for or convertible into shares of, any capital stock of the Corporation ranking junior to the Series 1 Nonvoting Preferred Stock and the Parity Stock as to the payment of dividends and the distribution of assets upon liquidation ("Junior Stock") and cash in lieu of fractional shares of such Junior Stock in connection with any such dividend) will be paid in cash or otherwise, nor will any other distribution be made (other than a distribution payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection with any such distribution), on any Junior Stock unless (i) full dividends on the Series 1 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Junior Stock dividend or distribution payment to the extent such dividends are cumulative; (ii) dividends in full, in the case of a dividend payment with respect to Junior Stock, for any Series 1 Nonvoting Preferred Stock and Parity

Stock dividend periods commencing on or prior to the date of such Junior Stock dividend payment or, in the case of any other distribution with respect to Junior Stock, for the current Series 1 Nonvoting Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series 1 Nonvoting Preferred Stock and Parity Stock to the extent such dividends are cumulative; (iii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 1 Nonvoting Preferred Stock and any Parity Stock; and (iv) the Corporation is not in default on any of its obligations to redeem the Series 1 Nonvoting Preferred Stock or any Parity Stock.

In addition, as long as any shares of Series 1 Nonvoting Preferred Stock are outstanding, no shares of Junior Stock may be purchased, redeemed, or otherwise acquired by the Corporation or any of its subsidiaries (except in connection with the reclassification or exchange of any Junior Stock through the issuance of other Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith) or the purchase, redemption, or other acquisition of any Junior Stock with any Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith) nor may any funds be set aside or made available for any sinking fund for the purchase or redemption of any Junior Stock unless: (i) full dividends on the Series 1 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such purchase, redemption or acquisition to the extent such dividends are cumulative; (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 1 Nonvoting Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem the Series 1 Nonvoting Preferred Stock or any Parity Stock.

Subject to the provisions described above, such dividends or other distributions (payable in cash, property or Junior Stock) as may be determined by the Board of Directors may be declared and paid on the shares of any Junior Stock from time to time and Junior Stock may be purchased, redeemed or otherwise acquired by the Corporation or any of its subsidiaries from time to time. In the event of the declaration and payment of any such dividends or other distributions, the holders of such Junior Stock will be entitled, to the exclusion of holders of the Series 1 Nonvoting Preferred Stock and any Parity Stock, to share therein according to their respective interests.

(g) As long as any shares of Series 1 Nonvoting Preferred Stock are outstanding, dividends for any dividend period or other distributions may not be paid on any Parity Stock (other than dividends or other distributions payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith), unless either: (i)(A) full dividends on the Series 1 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock dividend or distribution payment to the extent such dividends are cumulative; (B) full dividends, in the case of a dividend payment with respect to Parity Stock, for any Series 1 Nonvoting Preferred Stock and any Parity Stock dividend periods commencing on or prior to the

date of such Parity Stock dividend payment or, in the case of any other distribution with respect to Parity Stock, for the current Series 1 Nonvoting Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series 1 Nonvoting Preferred Stock and any Parity Stock to the extent such dividends are cumulative; (C) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 1 Nonvoting Preferred Stock and any Parity Stock; and (D) the Corporation is not in default on any of its obligations to redeem the Series 1 Nonvoting Preferred Stock and any Parity Stock; or (ii) any such dividends are declared and paid pro rata so that the amounts of any dividends declared and paid per share of Series 1 Nonvoting Preferred Stock and each share of such Parity Stock will in all cases bear to each other the same ratio that accrued and unpaid dividends (including any accumulation with respect to unpaid dividends for prior dividend periods, if such dividends are cumulative) per share of Series 1 Nonvoting Preferred Stock and such shares of Parity Stock bear to each other.

In addition, as long as any shares of Series 1 Nonvoting Preferred Stock are outstanding, the Corporation may not purchase, redeem or otherwise acquire any Parity Stock other than pursuant to the terms of the Exchange Agreement (except with any Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith) unless: (i) full dividends on the Series 1 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock purchase, redemption or other acquisition payment to the extent such dividends are cumulative; (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 1 Nonvoting Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem any Series 1 Nonvoting Preferred Stock or Parity Stock.

SECTION 3. Redemption at the Option of a Holder.

(a) The holders of shares of Series 1 Nonvoting Preferred Stock shall have the right, at the sole option and election of all such holders, at any time after December 31, 1997, to require the Corporation to redeem all (but not less than all) of the outstanding shares of Series 1 Nonvoting Preferred Stock owned of record by all holders, to the extent that such redemption shall be permitted under applicable law.

(b) In order to exercise such right, the holders of shares of Series 1 Nonvoting Preferred Stock, acting together, must provide notice of such exercise by first-class mail, postage prepaid, mailed to the Corporation at its principal place of business not less than 60 days prior to the date for redemption. Such notice shall state (i) the redemption date, (ii) the number of shares of Series 1 Nonvoting Preferred Stock held of record by all holders to be redeemed pursuant to this Section 3, and (iii) the number of the certificate or certificates representing such shares.

(c) Upon the surrender in accordance with such notice of the certificates for the shares of this Series so to be redeemed (properly endorsed or assigned for transfer, if the

Board of Directors of the Corporation shall so require), such shares shall be redeemed by the Corporation and the Corporation shall pay to the holder thereof in cash a redemption price (the "Redemption Price") equal to (i) Cdn. \$950 per share plus (ii) an amount equal to all dividends accrued and unpaid thereon to the date fixed for redemption (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at such redemption date, or shall have had, assets legally available for the payment of such dividends), whereupon all rights of the holder of the shares, as such, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding. No interest or sum of money in lieu of interest shall be payable in respect of such Redemption Price.

SECTION 4. Liquidation Rights.

(a) In the event of the liquidation, dissolution, or winding up of the business of the Corporation, whether voluntary or involuntary, the holders of shares of Series 1 Nonvoting Preferred Stock then outstanding, after payment or provision for payment of the debts and other liabilities of the Corporation and the payment or provision for payment of any distribution on any shares of the Corporation having a preference and a priority over the shares of Series 1 Nonvoting Preferred Stock on liquidation, and before any distribution to the holders of Junior Stock, shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders an amount per share of Series 1 Nonvoting Preferred Stock in cash equal to the sum of (i) Cdn. \$1,000 (the "Stated Liquidation Amount") plus (ii) all accrued and unpaid dividends thereon. In the event the assets of the Corporation available for distribution to the holders of the shares of Series 1 Nonvoting Preferred Stock upon any dissolution, liquidation or winding up of the Corporation shall be insufficient to permit payment of the full preferential amounts payable to the holders of outstanding shares of Series 1 Nonvoting Preferred Stock and of Parity Stock, the holders of shares of Series 1 Nonvoting Preferred Stock and of Parity Stock shall share ratably in such distribution of assets in proportion to the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series 1 Nonvoting Preferred Stock and the holders of outstanding shares of such Parity Stock were paid in full. Except as provided in this Section 4, the holders of Series 1 Nonvoting Preferred Stock shall not be entitled to any distribution in the event of liquidation, dissolution or winding up of the affairs of the Corporation.

(b) For the purposes of this Section 4, none of the following shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation:

- (i) the sale, lease, transfer or exchange of all or substantially all of the assets of the Corporation; or
- (ii) the consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the corporation surviving such consolidation or merger).

SECTION 5. No Preemptive Rights. The holders of shares of Series 1 Nonvoting Preferred Stock shall have no preemptive rights, including preemptive rights with respect to any shares of capital stock or other securities of the Corporation convertible into or carrying rights or options to purchase any such shares.

SECTION 6. Voting Rights.

(a) The holders of shares of Series 1 Nonvoting Preferred Stock shall have no voting rights except as otherwise set forth herein or as otherwise provided by law or elsewhere in the Restated Certificate of Incorporation of the Corporation, as amended.

(b) For as long as any shares of Series 1 Nonvoting Preferred Stock (collectively with the Series 2 Nonvoting Preferred Stock, the "Nonvoting Preferred Stock") remain outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the shares thereof actually voting (voting separately as a class together with the holders of the Series 2 Nonvoting Preferred Stock) in person or by proxy at any annual meeting or special meeting of the shareholders called for such purpose, or by written consent, shall be necessary to (i) amend, alter or repeal any of the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which would adversely affect the powers, preferences or rights of the holders of the shares of Nonvoting Preferred Stock then outstanding or reduce the minimum time required for any notice to which holders of shares of Nonvoting Preferred Stock then outstanding may be entitled; provided, however, that any such amendment, alteration or repeal that would authorize, create or increase the authorized amount of any additional shares of Junior Stock or of Parity Stock (whether or not already authorized) shall not be deemed to affect adversely such powers, preferences or rights and shall not be subject to approval by the holders of shares of Nonvoting Preferred Stock; and provided further that clause (i) shall not be applicable to the amendment, alteration or repeal of any provisions of the Restated Certificate of Incorporation of the Corporation, as amended, prior to the issuance of any shares of Nonvoting Preferred Stock; (ii) authorize or create, or increase the authorized amount of, any Senior Stock, or any security convertible into Senior Stock; or (iii) merge or consolidate with or into any other corporation, unless each holder of the shares of Nonvoting Preferred Stock immediately preceding such merger or consolidation shall have the right either to (A) receive or continue to hold in the resulting corporation the same number of shares, with substantially the same rights and preferences, as corresponds to such holder's shares of Nonvoting Preferred Stock so held or (B) exchange into shares of Class A Common Stock and Series C Convertible Preferred Stock (as herein defined) pursuant to the terms of the Exchange Agreement.

There is no limitation on the issuance by the Corporation of Junior Stock or Parity Stock.

Notwithstanding the provisions set forth in the first paragraph of this Section 6 (b), however, no such approval described therein of the holders of the shares of Series 1 Nonvoting Preferred Stock shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when such consolidation or merger is to take effect, as the case may be,

provision is made for the redemption of all shares of Series I Nonvoting Preferred Stock at the time outstanding.

SECTION 7. Definitions. As used in this Certificate of Designations:

(a) The term "Adjusted Market Price" means the greater of (i) the amount per share determined by multiplying 1.05 by the Market Price (as herein defined) and (ii) U.S. \$9.00 per share.

(b) The term "business day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close or are closed because of a banking moratorium or otherwise.

(c) The term "Class A Common Stock" means the Class A Common Stock, par value U.S. \$.01 per share, of the Corporation.

(d) The term "Class A Common Stock Dividends" means the amount of dividend or other distribution that would have been paid on or with respect to the Class A Common Stock Shares had such shares been issued on the Issue Date during a Payment Period and on or prior to the earlier of (i) the redemption date for the redemption of all (but not less than all) of the shares of Series I Nonvoting Preferred Stock or (ii) the date of the Mandatory Exchange.

(e) The term "Class A Common Stock Shares" means that number of shares of Class A Common Stock determined by dividing (x) the U.S. Dollar Equivalent (as herein defined) of Cdn. \$23,267,000 on the Determination Date by (y) the Adjusted Market Price of Class A Common Stock on the Determination Date (as herein defined).

(f) The term "Class B Common Stock" means the Class B Common Stock, par value U.S. \$.01 per share, of the Corporation.

(g) The term "Common Stock" means the Class A Common Stock and the Class B Common Stock, neither of which has any preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and neither of which is subject to redemption by the Corporation.

(h) The term "Determination Date" means the date that is five (5) business days prior to the mailing by the Corporation of the definitive version of the proxy solicitation materials to all stockholders of record of the Corporation with respect to the stockholders meeting as provided for in and pursuant to the Exchange Agreement.

(i) The term "Exchange Agreement" means the Exchange Agreement dated as of April 18, 1997 among Hollinger Inc., a corporation continued under the laws of Canada, UniMedia Holding Company, a company formed under the laws of Nova Scotia, and the Corporation.

(j) The term "Market Price" means the weighted average market price per share of Class A Common Stock on the New York Stock Exchange (taking into account the actual sale prices and the respective number of shares of Class A Common Stock so sold in each sale transaction on the New York Stock Exchange) for the ten (10) trading day period ending on the Determination Date as reported by Bloomberg or other authority satisfactory to the Corporation as determined pursuant to and in accordance with the Exchange Agreement.

(k) The term "Payment Period" means the period beginning on a Dividend Payment Date and ending on the last day immediately preceding the next succeeding Dividend Payment Date. The initial Payment Period will begin with the Issue Date and end on the last day immediately preceding the initial Dividend Payment Date.

(l) The term "Series 2 Nonvoting Preferred Stock" means the Series 2 Nonvoting Preferred Stock, par value U.S. \$.01 per share, of the Corporation.

(m) The term "Series A Preferred Stock" means the Series A Redeemable Convertible Preferred Stock, par value U.S. \$.01 per share, of the Corporation.

(n) The term "Series B Convertible Preferred Stock" means the Series B Convertible Preferred Stock, par value U.S. \$.01 per share, of the Corporation, represented by PRIDES originally issued by the Corporation on August 7, 1996.

(o) The term "Series C Convertible Preferred Stock" means the Series C Convertible Preferred Stock, par value U.S. \$.01 per share, of the Corporation.

(p) The term "U.S. Dollar Equivalent" means the inverse of the noon buying rate ("Noon Buying Rate") in the City of New York for cable transfers in United States dollars as certified for customs purposes by the Federal Reserve Bank of New York.

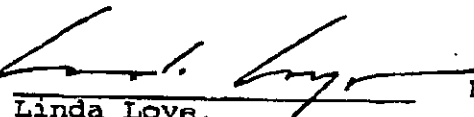
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IN WITNESS WHEREOF, Hollinger International Inc. has caused this Certificate of Designations of Series 1 Nonvoting Preferred Stock to be signed and attested this 18th day of April 1997.

ATTEST:

HOLLINGER INTERNATIONAL INC.

By:



Linda Loya,
Assistant Secretary

By:



Kenneth L. Serota,
Vice President - Finance &
Law and Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:01 AM 04/18/1997
971126928 - 2250780

HOLLINGER INTERNATIONAL INC.

CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

SERIES 2 NONVOTING PREFERRED STOCK

HOLLINGER INTERNATIONAL INC., a Delaware corporation (the "Corporation"), certifies that, pursuant to the authority contained in Article 4 of its Restated Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value U.S. \$.01 per share, designated as Series 2 Nonvoting Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, par value U.S. \$.01 per share, of the Corporation is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

SECTION 1. Designation and Amount. The shares of such series shall be designated as "Series 2 Nonvoting Preferred Stock", and the number of whole shares constituting such series shall be 149,658.

SECTION 2. Dividends.

(a) The holders of shares of Series 2 Nonvoting Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, cash dividends, out of funds legally available for the purpose, in the respective amounts determined in accordance with the provisions of this Section 2 (each such day set by the Board of Directors for the payment of cash dividends to the holders of shares of Series 2 Nonvoting Preferred Stock being herein called a "Dividend Payment Date"), accruing from the date on which shares of Series 2 Nonvoting Preferred Stock are first issued ("Issue Date").

PI-50115.04

(b) The dividend payable upon the shares of Series 2 Nonvoting Preferred Stock on a particular Dividend Payment Date shall be an amount per share of Series 2 Nonvoting Preferred Stock equal to (i) the aggregate amount (if any) of (A) the First Tranche Dividends (as herein defined) and (B) the Second Tranche Dividends (as herein defined) divided by (ii) [152,751] (being the number of authorized and initially issued shares of Series 2 Nonvoting Preferred Stock).

(c) Dividends upon shares of Series 2 Nonvoting Preferred Stock shall be payable to the holders of record as they appear on the stock register of the Corporation on a record date fixed with respect to each Dividend Payment Date by the Board of Directors of the Corporation, which shall in each case be a date not more than 60 days preceding such Dividend Payment Date.

(d) Such dividends upon the shares of Series 2 Nonvoting Preferred Stock shall be cumulative and will accrue, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared, from the previous Dividend Payment Date or the Issue Date if prior to the first Dividend Payment Date. Accumulated unpaid dividends shall not bear interest. Dividends will cease to accrue in respect of shares of Series 2 Nonvoting Preferred Stock on the earlier of the date fixed for redemption or mandatory exchange ("Mandatory Exchange") pursuant to the Exchange Agreement (as herein defined).

(e) The shares of Series 2 Nonvoting Preferred Stock will rank junior, both as to payment of dividends and distribution of assets upon liquidation, to the outstanding shares of Series A Preferred Stock, Series B Convertible Preferred Stock (as each is herein defined) and any future series of preferred stock ranking senior to the Series 2 Nonvoting Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation ("Senior Stock"), and will rank on a parity, both as to payment of dividends and distribution of assets upon liquidation, with the Common Stock and the Series 1 Nonvoting Preferred Stock (as each is herein defined) and with any future preferred stock issued by the Corporation that by its terms ranks on a parity with the Series 2 Nonvoting Preferred Stock ("Parity Stock").

(f) As long as any shares of Series 2 Nonvoting Preferred Stock are outstanding, no dividends for any dividend period (other than dividends payable in shares of, or warrants, rights or options exercisable for or convertible into shares of, or any other capital stock of the Corporation ranking junior to the Series 2 Nonvoting Preferred Stock and the Parity Stock as to the payment of dividends and the distribution of assets upon liquidation ("Junior Stock") and cash in lieu of fractional shares of such Junior Stock in connection with any such dividend) will be paid in cash or otherwise, nor will any other distribution be made (other than a distribution payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection with any such distribution), on any Junior Stock unless (i) full dividends on the Series 2 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Junior Stock dividend or distribution payment to the extent such dividends are cumulative; (ii) dividends in full, in the case of a dividend

payment with respect to Junior Stock, for any Series 2 Nonvoting Preferred Stock and Parity Stock dividend periods commencing on or prior to the date of such Junior Stock dividend payment or, in the case of any other distribution with respect to Junior Stock, for the current Series 2 Nonvoting Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series 2 Nonvoting Preferred Stock and Parity Stock to the extent such dividends are cumulative; (iii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 2 Nonvoting Preferred Stock and any Parity Stock; and (iv) the Corporation is not in default on any of its obligations to redeem the Series 2 Nonvoting Preferred Stock or any Parity Stock.

In addition, as long as any shares of Series 2 Nonvoting Preferred Stock are outstanding, no shares of Junior Stock may be purchased, redeemed, or otherwise acquired by the Corporation or any of its subsidiaries (except in connection with the reclassification or exchange of any Junior Stock through the issuance of other Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith) or the purchase, redemption, or other acquisition of any Junior Stock with any Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith) nor may any funds be set aside or made available for any sinking fund for the purchase or redemption of any Junior Stock unless: (i) full dividends on the Series 2 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such purchase, redemption or acquisition to the extent such dividends are cumulative; (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 2 Nonvoting Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem the Series 2 Nonvoting Preferred Stock or any Parity Stock.

Subject to the provisions described above, such dividends or other distributions (payable in cash, property or Junior Stock) as may be determined by the Board of Directors may be declared and paid on the shares of any Junior Stock from time to time and Junior Stock may be purchased, redeemed or otherwise acquired by the Corporation or any of its subsidiaries from time to time. In the event of the declaration and payment of any such dividends or other distributions, the holders of such Junior Stock will be entitled, to the exclusion of holders of the Series 2 Nonvoting Preferred Stock and any Parity Stock, to share therein according to their respective interests.

(g) As long as any shares of Series 2 Nonvoting Preferred Stock are outstanding, dividends for any dividend period or other distributions may not be paid on any Parity Stock (other than dividends or other distributions payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith), unless either: (i)(A) full dividends on the Series 2 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock

dividend or distribution payment to the extent such dividends are cumulative; (B) full dividends, in the case of a dividend payment with respect to Parity Stock, for any Series 2 Nonvoting Preferred Stock and any Parity Stock dividend periods commencing on or prior to the date of such Parity Stock dividend payment or, in the case of any other distribution with respect to Parity Stock, for the current Series 2 Nonvoting Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series 2 Nonvoting Preferred Stock and any Parity Stock to the extent such dividends are cumulative; (C) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 2 Nonvoting Preferred Stock and any Parity Stock; and (D) the Corporation is not in default on any of its obligations to redeem the Series 2 Nonvoting Preferred Stock and any Parity Stock; or (ii) any such dividends are declared and paid pro rata so that the amounts of any dividends declared and paid per share of Series 2 Nonvoting Preferred Stock and each share of such Parity Stock will in all cases bear to each other the same ratio that accrued and unpaid dividends (including any accumulation with respect to unpaid dividends for prior dividend periods, if such dividends are cumulative) per share of Series 2 Nonvoting Preferred Stock and such shares of Parity Stock bear to each other.

In addition, as long as any shares of Series 2 Nonvoting Preferred Stock are outstanding, the Corporation may not purchase, redeem or otherwise acquire any Parity Stock other than pursuant to the terms of the Exchange Agreement (except with any Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith) unless: (i) full dividends on the Series 2 Nonvoting Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock purchase, redemption or other acquisition payment to the extent such dividends are cumulative; (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series 2 Nonvoting Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem any Series 2 Nonvoting Preferred Stock or Parity Stock.

SECTION 3. Redemption at the Option of a Holder.

(a) The holders of shares of Series 2 Nonvoting Preferred Stock shall have the right, at the sole option and election of all such holders, at any time after December 31, 1997, to require the Corporation to redeem all (but not less than all) of the outstanding shares of Series 2 Nonvoting Preferred Stock owned of record by all holders, to the extent that such redemption shall be permitted under applicable law.

(b) In order to exercise such right, the holders of shares of Series 2 Nonvoting Preferred Stock, acting together, must provide notice of such exercise by first-class mail, postage prepaid, mailed to the Corporation at its principal place of business not less than 60 days prior to the date for redemption. Such notice shall state (i) the redemption date, (ii) the number of shares

of Series 2 Nonvoting Preferred Stock held of record by all holders to be redeemed pursuant to this Section 3, and (iii) the number of the certificate or certificates representing such shares.

(c) Upon the surrender in accordance with such notice of the certificates for the shares of this Series so to be redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require), such shares shall be redeemed by the Corporation and the Corporation shall pay to the holders thereof in cash a redemption price (the "Redemption Price") equal to (i) Cdn. \$950 per share plus (ii) an amount equal to all dividends accrued and unpaid thereon to the date fixed for redemption (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at such redemption date, or shall have had, assets legally available for the payment of such dividends), whereupon all rights of the holder of the shares, as such, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding. No interest or sum of money in lieu of interest shall be payable in respect of such Redemption Price.

SECTION 4. Liquidation Rights.

(a) In the event of the liquidation, dissolution, or winding up of the business of the Corporation, whether voluntary or involuntary, the holders of shares of Series 2 Nonvoting Preferred Stock then outstanding, after payment or provision for payment of the debts and other liabilities of the Corporation and the payment or provision for payment of any distribution on any shares of the Corporation having a preference and a priority over the shares of Series 2 Nonvoting Preferred Stock on liquidation, and before any distribution to the holders of Junior Stock, shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders an amount per share of Series 2 Nonvoting Preferred Stock in cash equal to the sum of (i) Cdn. \$1,000 (the "Stated Liquidation Amount") plus (ii) all accrued and unpaid dividends thereon. In the event the assets of the Corporation available for distribution to the holders of the shares of Series 2 Nonvoting Preferred Stock upon any dissolution, liquidation or winding up of the Corporation shall be insufficient to permit payment of the full preferential amounts payable to the holders of outstanding shares of Series 2 Nonvoting Preferred Stock and of Parity Stock, the holders of shares of Series 2 Nonvoting Preferred Stock and of Parity Stock shall share ratably in such distribution of assets in proportion to the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series 2 Nonvoting Preferred Stock and the holders of outstanding shares of such Parity Stock were paid in full. Except as provided in this Section 4, the holders of Series 2 Nonvoting Preferred Stock shall not be entitled to any distribution in the event of liquidation, dissolution or winding up of the affairs of the Corporation.

(b) For the purposes of this Section 4, none of the following shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation:

- (i) the sale, lease, transfer or exchange of all or substantially all of the assets of the Corporation; or
- (ii) the consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the corporation surviving such consolidation or merger).

SECTION 5. No Preemptive Rights. The holders of shares of Series 2 Nonvoting Preferred Stock shall have no preemptive rights, including preemptive rights with respect to any shares of capital stock or other securities of the Corporation convertible into or carrying rights or options to purchase any such shares.

SECTION 6. Voting Rights.

(a) The holders of shares of Series 2 Nonvoting Preferred Stock shall have no voting rights except as otherwise set forth herein or as otherwise provided by law or elsewhere in the Restated Certificate of Incorporation of the Corporation, as amended.

(b) For as long as any shares of Series 2 Nonvoting Preferred Stock (collectively with the Series 1 Nonvoting Preferred Stock, the "Nonvoting Preferred Stock") remain outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the shares thereof actually voting (voting separately as a class together with the holders of the Series 1 Nonvoting Preferred Stock) in person or by proxy at any annual meeting or special meeting of the shareholders called for such purpose, or by written consent, shall be necessary to (i) amend, alter or repeal any of the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which would adversely affect the powers, preferences or rights of the holders of the shares of Nonvoting Preferred Stock then outstanding or reduce the minimum time required for any notice to which holders of shares of Nonvoting Preferred Stock then outstanding may be entitled; provided, however, that any such amendment, alteration or repeal that would authorize, create or increase the authorized amount of any additional shares of Junior Stock or of Parity Stock (whether or not already authorized) shall not be deemed to affect adversely such powers, preferences or rights and shall not be subject to approval by the holders of shares of Nonvoting Preferred Stock; and provided further that clause (i) shall not be applicable to the amendment, alteration or repeal of any provisions of the Restated Certificate of Incorporation of the Corporation, as amended, prior to the issuance of any shares of Nonvoting Preferred Stock; (ii) authorize or create, or increase the authorized amount of, any Senior Stock, or any security convertible into Senior Stock; or (iii) merge or consolidate with or into any other corporation, unless each holder of the shares of Nonvoting Preferred Stock immediately preceding such merger or consolidation shall have the right either (A) to receive or continue to hold in the resulting corporation the same number of shares, with substantially the same rights and preferences, as corresponds to such holder's shares of Nonvoting Preferred Stock so held or (B)

exchange into shares of Class A Common Stock and Series C Convertible Preferred Stock (as herein defined) pursuant to the terms of the Exchange Agreement.

There is no limitation on the issuance by the Corporation of Junior Stock or Parity Stock.

Notwithstanding the provisions set forth in the first paragraph of this Section 6 (b), however, no such approval described therein of the holders of the shares of Series 2 Nonvoting Preferred Stock shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when such consolidation or merger is to take effect, as the case may be, provision is made for the redemption of all shares of Series 2 Nonvoting Preferred Stock at the time outstanding.

SECTION 7. Definitions. As used in this Certificate of Designations:

(a) The term "Adjusted Market Price" means the greater of (i) the amount per share determined by multiplying 1.05 by the Market Price (as herein defined) and (ii) U.S. \$9.00 per share.

(b) The term "business day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close or are closed because of a banking moratorium or otherwise.

(c) The term "Canadian Dollar Balance" means an amount equal to Cdn. \$149,658,000.

(d) The term "Class A Common Stock" means the Class A Common Stock, par value U.S. \$.01 per share, of the Corporation.

(e) The term "Class B Common Stock" means the Class B Common Stock, par value U.S. \$.01 per share, of the Corporation.

(f) The term "Common Stock" means the Class A Common Stock and the Class B Common Stock, neither of which has any preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and neither of which is subject to redemption by the Corporation.

(g) The term "Determination Date" means the date that is five (5) business days prior to the mailing by the Corporation of the definitive version of the proxy solicitation materials to all stockholders of record of the Corporation with respect to the stockholders meeting as provided for in and pursuant to the Exchange Agreement.

(h) The term "Exchange Agreement" means the Exchange Agreement dated as of April 18, 1997 among Hollinger Inc., a corporation continued under the laws of Canada, UniMedia Holding Company, a company formed under the laws of Nova Scotia, and the Corporation.

(i) The term "First Tranche Amount" means the Canadian dollar equivalent of U.S. \$90,000,000 using the Noon Buying Rate (as herein defined).

(j) The term "First Tranche Dividends" means the amount of dividends accrued during a Payment Period at the rate of 9.50% per annum of the Stated Liquidation Amount multiplied by the number of First Tranche Shares (as herein defined). Dividends (or amounts equal to accrued and unpaid dividends) payable on First Tranche Shares will be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed in any Payment Period.

(k) The term "First Tranche Shares" means the number of shares of Series 2 Nonvoting Preferred Stock determined by (A) dividing the First Tranche Amount by the Canadian Dollar Balance and then by (B) multiplying the resulting fractional amount (rounded to the fourth decimal place) by 149,658.

(l) The term "Market Price" means the weighted average market price per share of Class A Common Stock on the New York Stock Exchange (taking into account the actual sale prices and the respective number of shares of Class A Common Stock so sold in each sale transaction on the New York Stock Exchange) for the ten (10) trading days period ending on the Determination Date as reported by Bloomberg or other authority satisfactory to the Corporation, as determined pursuant to and in accordance with the Exchange Agreement; provided, however, that the Market Price shall not be an amount less than U.S. \$9.00 per share.

(m) The term "Payment Period" means the period beginning on a Dividend Payment Date and ending with the last day immediately preceding the next succeeding Dividend Payment Date. The initial Payment Period will begin on the Issue Date and end with the last day immediately preceding the initial Dividend Payment Date.

(n) The term "Second Tranche Amount" means the amount determined by subtracting the First Tranche Amount from the Canadian Dollar Balance.

(o) The term "Second Tranche Dividends" means the amount of dividend or other distribution that would have been paid on or with respect to that number of shares of Class A Common Stock (had such shares been issued on the Issue Date) determined by dividing (x) the U.S. Dollar Equivalent (as herein defined) of the Second Tranche Amount (if any) by (y) the Adjusted Market Price of Class A Common Stock on the Determination Date during a Payment Period and on or prior to the earlier of (i) the redemption date for the redemption of all (but not

less than all) of the shares of Series 2 Nonvoting Preferred Stock or (ii) the date of the Mandatory Exchange. .

(p) The term "Second Tranche Shares" means the number of shares (if any) of Series 2 Nonvoting Preferred Stock determined by subtracting the number of First Tranche Shares from 149,658.

(q) The term "Series A Preferred Stock" means the Series A Redeemable Convertible Preferred Stock, par value U.S. \$.01 per share, of the Corporation.

(r) The term "Series B Convertible Preferred Stock" means the Series B Convertible Preferred Stock, par value U.S. \$.01 per share, of the Corporation, represented by PRIDES originally issued by the Corporation on August 7, 1996.

(s) The term "Series C Convertible Preferred Stock" means the Series C Convertible Preferred Stock, par value U.S. \$.01 per share, of the Corporation.

(t) The term "Series 1 Nonvoting Preferred Stock" means the Series 1 Nonvoting Preferred Stock, par value U.S. \$.01 per share, of the Corporation.

(u) The term "U.S. Dollar Equivalent" means the inverse of the noon buying rate ("Noon Buying Rate") in the City of New York for cable transfers in United States dollars as certified for customs purposes by the Federal Reserve Bank of New York.

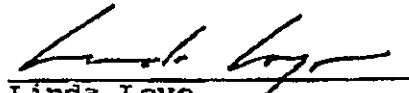
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IN WITNESS WHEREOF, Hollinger International Inc. has caused this Certificate of Designations of Series 2 Nonvoting Preferred Stock to be signed and attested this 18th day of April 1997.

ATTEST:

HOLLINGER INTERNATIONAL INC.

By:


Linda Loye,
Assistant Secretary

By:


Kenneth L. Serota,
Vice President - Finance &
Law and Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 05/14/1997
971157695 - 2250780

CERTIFICATE OF CORRECTION
OF
CERTIFICATE OF DESIGNATIONS
OF
SERIES 2 NONVOTING PREFERRED STOCK
OF
HOLLINGER INTERNATIONAL INC.

It is hereby certified that:

1. The name of the corporation is Hollinger International Inc. (the "Corporation")
2. The Certificate of Designations of the Series 2 Nonvoting Preferred Stock of the Corporation, which was filed by the Secretary of State of Delaware on April 18, 1997, is hereby corrected.
3. The inaccuracy to be corrected in said instrument is as follows:

Clause (ii) of Subparagraph (b) of Section 2 currently has the bracketed number [152,751] as the divisor in the calculation of the amount of dividend payable per share of Series 2 Nonvoting Preferred Stock of the Corporation. The number should have been 149,658 and should not have been bracketed.
4. The portion of the instrument in corrected form is as follows:

(b) The dividend payable upon the shares of Series 2 Nonvoting Preferred Stock on a particular Dividend Payment Date shall be an amount per share of Series 2 Nonvoting Preferred Stock equal to (i) the aggregate amount (if any) of (A) the First Tranche Dividends (as herein defined) and (B) the Second Tranche Dividends (as herein defined) divided by (ii) 149,658 (being the number of authorized and initially issued shares of Series 2 Nonvoting Preferred Stock).

Signed on May 13, 1997.


Kenneth L. Serota
Vice President-Law and Finance
and Secretary

PI-60705.01

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 05/20/1997
971164932 - 2250780

**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
HOLLINGER INTERNATIONAL INC.**

Hollinger International Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify that:

FIRST: The Restated Certificate of Incorporation of the Corporation is hereby amended by striking out in its entirety Section 10 of the Corporation's Certificate of Designations with respect to its Series A Redeemable Convertible Preferred Stock and substituting in lieu thereof the following:

Section 10. Voting.

(A) The holders of shares of this Series shall have no voting rights except as otherwise set forth herein or as otherwise provided by law or elsewhere in the Restated Certificate of Incorporation of the Corporation, as amended.

(B) For as long as any shares of this Series remain outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the shares thereof actually voting (voting separately as a class) in person or by proxy at any annual meeting or special meeting of the shareholders called for such purpose, or by written consent, shall be necessary to amend, alter or repeal any of the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which would adversely affect the powers, preferences or rights of the holders of the shares of this Series then outstanding or reduce the minimum time required for any notice to which holders of shares of this Series then outstanding may be entitled; provided, however, that any such amendment, alteration or repeal that would authorize, create or increase the authorized amount of any additional shares of Common Stock or any other capital stock of the Corporation ranking junior to the shares of this Series as to the payment of dividends and the distribution of assets upon liquidation (the "Junior Stock") or of any preferred stock issued by the Corporation that by its terms ranks on a parity with the shares of this Series (the "Parity Stock") (whether or not already authorized) shall not be

deemed to affect adversely such powers, preferences or rights and shall not be subject to approval by the holders of shares of this Series; and provided further that this clause shall not be applicable to the amendment, alteration or repeal of any provisions of the Restated Certificate of Incorporation of the Corporation, as amended, prior to the issuance of any shares of this Series.

There is no limitation on the issuance by the Corporation of Junior Stock or Parity Stock.

Notwithstanding the provisions set forth in the first paragraph of this subsection (B), however, no such approval described therein of the holders of the shares of this Series shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when such consolidation or merger is to take effect, as the case may be, provision is made for the redemption of all shares of this Series at the time outstanding.

SECOND: That this Amendment has been consented to and authorized by the Board of Directors of the Corporation pursuant to a Unanimous Written Consent, dated April 18, 1997, executed by all of the directors of the Corporation in accordance with Section 141(f) of the General Corporation Law of the State of Delaware (the "DGCL").

THIRD: That this Amendment has been consented to and authorized by the holder of all of the outstanding shares of Series A Preferred Stock of the Corporation pursuant to a Written Consent, dated May 1, 1997, executed by such holder in accordance with Section 228 of the DGCL.

FOURTH: That this Amendment was duly adopted in accordance with the provisions of Section 228 and 242 of the DGCL.

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IN WITNESS WHEREOF, the Corporation has caused this Certificate to be
signed by J.A. Boulbee, its Executive Vice President and Chief Financial Officer and attested by

Kenneth L. Serota, its Vice President - Law & Finance and Secretary this 9th day of

May, 1997.

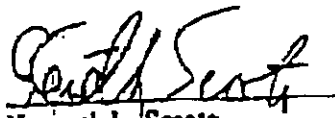
HOLLINGER INTERNATIONAL INC.

By:


J.A. Boulbee
Executive Vice President
and Chief Financial Officer

ATTEST:

By:


Kenneth L. Serota
Vice President -
Law & Finance and Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 08/05/1997
971260807 - 2250780

HOLLINGER INTERNATIONAL INC.

CERTIFICATE OF DESIGNATIONS

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

SERIES C CONVERTIBLE PREFERRED STOCK

HOLLINGER INTERNATIONAL INC., a Delaware corporation (the "Corporation"), certifies that, pursuant to the authority contained in Article 4 of its Restated Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value \$0.01 per share, designated as Series C Convertible Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, par value \$0.01 per share, of the Corporation is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

SECTION 1. Designation and Amount. The shares of such series shall be designated as "Series C Convertible Preferred Stock", and the number of whole shares constituting such series shall be 1,658,818.

SECTION 2. Dividends. (a) The holders of outstanding shares of Series C Convertible Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative dividends from the date of initial issuance thereof at the rate of 9.50% per annum of the Stated Liquidation Amount per share (equivalent to \$10.36845 per annum), in arrears on the first day of each March, June, September and December, respectively (each such date being hereinafter referred to as a "Dividend Payment Date"), or, if any Dividend Payment Date is not a business day, then the Dividend Payment Date shall be the next succeeding business day; provided, however, that, with respect to any dividend period during which a redemption occurs, the Corporation may, at its option, declare accrued dividends to, and pay such dividends on, the redemption date, in which case such dividends would

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be payable on the redemption date in cash to the holders of the shares of Series C Convertible Preferred Stock as of the record date for such dividend payment and such accrued dividends would not be included in the calculation of the related Call Price (as hereinafter defined). Each dividend on the shares of Series C Convertible Preferred Stock shall be payable to holders of record as they appear on the stock register of the Corporation on such record date, not less than 10 (except as otherwise provided below with respect to the first dividend payment) nor more than 60 days preceding the payment date thereof, as shall be fixed by the Board of Directors. The first dividend payment shall be for the period from the date of issuance thereof to and including August 31, 1997 and the first dividend will be payable on September 1, 1997 to holders of record at the close of business on August 15, 1997. Dividends (or amounts equal to accrued and unpaid dividends) payable on shares of Series C Convertible Preferred Stock for any period less than a full quarterly dividend period will be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed in any period less than one month.

Dividends on the shares of Series C Convertible Preferred Stock will accrue whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared on a daily basis from the previous Dividend Payment Date or the date of initial issuance if prior to the first Dividend Payment Date. Accumulated unpaid dividends shall not bear interest. Dividends will cease to accrue in respect of shares of Series C Convertible Preferred Stock on the Mandatory Conversion Date (as hereinafter defined) or on the date of their earlier conversion or redemption.

The shares of Series C Convertible Preferred Stock will rank junior, both as to payment of dividends and distribution of assets upon liquidation, to the outstanding shares of Series A Preferred Stock and any future series of preferred stock ranking senior to the Series C Convertible Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation ("Senior Stock"), and will rank on a parity, both as to payment of dividends and distribution of assets upon liquidation, with the Series B Convertible Preferred Stock and with any future preferred stock issued by the Corporation that by its terms ranks on a parity with the Series C Convertible Preferred Stock ("Parity Stock").

(b) As long as any shares of Series C Convertible Preferred Stock are outstanding, no dividends for any dividend period (other than dividends payable in shares of, or warrants, rights or options exercisable for or convertible into shares of, Common Stock or any other capital stock of the Corporation ranking junior to the Series C Convertible Preferred Stock as to the payment of dividends and the distribution of assets upon liquidation ("Junior Stock") and cash in lieu of fractional shares of such Junior Stock in connection with any such dividend) will be paid in cash or otherwise, nor will any other distribution be made (other than a distribution payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection with any such distribution), on any Junior Stock unless (i) full dividends on the Series C Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Junior Stock dividend or distribution payment to the extent such dividends are cumulative; (ii) dividends in full, in the case of a dividend

payment with respect to Junior Stock, for any Series C Convertible Preferred Stock and Parity Stock dividend periods commencing on or prior to the date of such Junior Stock dividend payment or, in the case of any other distribution with respect to Junior Stock, for the Series C Convertible Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series C Convertible Preferred Stock and Parity Stock to the extent such dividends are cumulative; (iii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series C Convertible Preferred Stock and any Parity Stock; and (iv) the Corporation is not in default on any of its obligations to redeem the Series C Convertible Preferred Stock and any Parity Stock.

In addition, as long as any shares of Series C Convertible Preferred Stock are outstanding, no shares of Junior Stock may be purchased, redeemed, or otherwise acquired by the Corporation or any of its subsidiaries (except in connection with the reclassification or exchange of any Junior Stock through the issuance of other Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith) or the purchase, redemption, or other acquisition of any Junior Stock with any Junior Stock (and cash in lieu of fractional shares of such Junior Stock in connection therewith)) nor may any funds be set aside or made available for any sinking fund for the purchase or redemption of any Junior Stock unless: (i) full dividends on the Series C Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such purchase, redemption or acquisition to the extent such dividends are cumulative; (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series C Convertible Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem the Series C Convertible Preferred Stock and any Parity Stock.

Subject to the provisions described above, such dividends or other distributions (payable in cash, property or Junior Stock) as may be determined by the Board of Directors may be declared and paid on the shares of any Junior Stock from time to time and Junior Stock may be purchased, redeemed or otherwise acquired by the Corporation or any of its subsidiaries from time to time. In the event of the declaration and payment of any such dividends or other distributions, the holders of such Junior Stock will be entitled, to the exclusion of holders of the Series C Convertible Preferred Stock and any Parity Stock, to share therein according to their respective interests.

(c) As long as any shares of Series C Convertible Preferred Stock are outstanding, dividends for any dividend period or other distributions may not be paid on any Parity Stock (other than dividends or other distributions payable in Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith), unless either: (i)(A) full dividends on the Series C Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock dividend or distribution payment to the extent such dividends are cumulative;

(B) full dividends, in the case of a dividend payment with respect to Parity Stock, for any Series C Convertible Preferred Stock and any Parity Stock dividend periods commencing on or prior to the date of such Parity Stock dividend payment or, in the case of any other distribution with respect to Parity Stock, for the current Series C Convertible Preferred Stock and Parity Stock dividend periods, have been paid, or declared and set aside for payment, on all Series C Convertible Preferred Stock and any Parity Stock to the extent such dividends are cumulative; (C) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series C Convertible Preferred Stock and any Parity Stock; and (D) the Corporation is not in default on any of its obligations to redeem the Series C Convertible Preferred Stock and any Parity Stock, or (ii) any such dividends are declared and paid pro rata so that the amounts of any dividends declared and paid per share of Series C Convertible Preferred Stock and each share of such Parity Stock will in all cases bear to each other the same ratio that accrued and unpaid dividends (including any accumulation with respect to unpaid dividends for prior dividend periods, if such dividends are cumulative) per share of Series C Convertible Preferred Stock and such shares of Parity Stock bear to each other.

In addition, as long as any shares of Series C Convertible Preferred Stock are outstanding, the Corporation may not purchase, redeem or otherwise acquire any Parity Stock (except with any Junior Stock and cash in lieu of fractional shares of such Junior Stock in connection therewith) unless: (i) full dividends on the Series C Convertible Preferred Stock and any Parity Stock have been paid, or declared and set aside for payment, for all dividend periods terminating on or prior to the date of such Parity Stock purchase, redemption or other acquisition payment to the extent such dividends are cumulative; (ii) the Corporation has paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Series C Convertible Preferred Stock and any Parity Stock; and (iii) the Corporation is not in default on any of its obligations to redeem any Series C Convertible Preferred Stock or Parity Stock.

SECTION 3. Redemption and Conversion. (a) Mandatory Conversion. On June 1, 2001 (the "Mandatory Conversion Date"), each share of Series C Convertible Preferred Stock shall convert automatically (the "Mandatory Conversion") into (i) shares of Class A Common Stock at the Common Equivalent Rate (as hereinafter defined) in effect on the Mandatory Conversion Date, (ii) cash in lieu of fractional shares and (iii) the right to receive an amount in cash equal to all accrued and unpaid dividends thereon (other than previously declared dividends payable to a holder of record as of a prior date) to the Mandatory Conversion Date, whether or not declared, out of funds legally available for the payment of dividends, subject to the right of the Corporation to redeem the shares of Series C Convertible Preferred Stock on or after June 1, 2000 (the "Initial Redemption Date") and prior to the Mandatory Conversion Date, as described below, and subject to the conversion of the shares of Series C Convertible Preferred Stock at the option of the holder at any time prior to the Mandatory Conversion Date, as described below. The Common Equivalent Rate is initially 9.8646 shares of Class A Common Stock for each share of Series C Convertible Preferred Stock and is subject to adjustment as set forth below. Dividends on the shares of Series C Convertible Preferred Stock shall cease to

accrue and such shares shall cease to be outstanding on the Mandatory Conversion Date. The Corporation shall make such arrangements as it deems appropriate for the issuance of certificates representing shares of Class A Common Stock and for the payment of cash in respect of such accrued and unpaid dividends, if any, or cash in lieu of fractional shares, if any, in exchange for and contingent upon surrender of certificates representing the shares of Series C Convertible Preferred Stock, and the Corporation may defer the payment of dividends on such shares of Class A Common Stock and the voting thereof until, and make such payment and voting contingent upon, the surrender of such certificates representing the shares of Series C Convertible Preferred Stock, provided that the Corporation shall give the holders of the shares of Series C Convertible Preferred Stock such notice of any such actions as the Corporation deems appropriate and upon such surrender such holders shall be entitled to receive such dividends declared and paid to holders of shares of Class A Common Stock as of a record date subsequent to the Mandatory Conversion Date. Amounts payable in cash in respect of the shares of Series C Convertible Preferred Stock or in respect of such shares of Class A Common Stock shall not bear interest.

(b) Redemption by the Corporation.

(i) Right to Redeem. Shares of Series C Convertible Preferred Stock are not redeemable by the Corporation prior to the Initial Redemption Date. At any time and from time to time on or after the Initial Redemption Date until immediately prior to the Mandatory Conversion Date, the Corporation shall have the right to redeem, in whole or in part, the outstanding shares of Series C Convertible Preferred Stock. Upon any such redemption, the Corporation shall deliver to the holders of shares of Series C Convertible Preferred Stock, in accordance with the provisions hereof, in exchange for each share so redeemed, the greater of (A) a number of shares of Class A Common Stock equal to the Call Price (as hereinafter defined) in effect on the redemption date divided by the Current Market Price (as hereinafter defined) of the Class A Common Stock determined as of the second Trading Date (as hereinafter defined) immediately preceding the Notice Date (as hereinafter defined) or (B) 8.503 shares of Class A Common Stock (subject to adjustment in the same manner as the Optional Conversion Rate (as hereinafter defined) is adjusted). The public announcement of any call for redemption shall be made (by press release to the Dow Jones News Service) prior to, or at the time of, the mailing of the notice of such call to holders of shares of Series C Convertible Preferred Stock as described below. If fewer than all the outstanding shares of Series C Convertible Preferred Stock are to be redeemed, shares of Series C Convertible Preferred Stock to be redeemed shall be selected by the Corporation from outstanding shares of Series C Convertible Preferred Stock not previously redeemed by lot or pro rata (as nearly as may be practicable) or by any other method determined by the Board of Directors in its sole discretion to be equitable. As used in this Section 3(b), the term "Notice Date" with respect to any notice given by the Corporation in connection with a redemption of shares of Series C Convertible Preferred Stock means the date on which first occurs either the public announcement of such redemption or the commencement of mailing of such notice to the holders of shares of Series C Convertible Preferred Stock.

(ii) Notice of Redemption. The Corporation shall provide notice of any call for redemption of the shares of Series C Convertible Preferred Stock to holders of record of Series C Convertible Preferred Stock to be called for redemption not less than 15 nor more than 60 days prior to the date fixed for such redemption. Such notice shall be provided by mailing notice of such redemption, first class postage prepaid, to each holder of record of shares of Series C Convertible Preferred Stock to be redeemed, at such holder's address as it appears on the stock register of the Corporation; provided, however, that neither failure to give such notice nor any defect therein shall affect the validity of the proceeding for the redemption of any shares of Series C Convertible Preferred Stock to be redeemed except as to the holders to whom the Corporation has failed to give said notice or whose notice was defective.

Each such notice shall state, as appropriate, the following and may contain such other information as the Corporation deems advisable:

- (A) the redemption date;
- (B) that all outstanding shares of Series C Convertible Preferred Stock are to be redeemed or, in the case of a call for redemption of fewer than all outstanding shares of Series C Convertible Preferred Stock, the number of such shares held by such holder to be redeemed;
- (C) the number of shares of Class A Common Stock deliverable upon redemption of each share of Series C Convertible Preferred Stock to be redeemed and, if applicable, the Call Price and the Current Market Price used to calculate such number of shares of Class A Common Stock;
- (D) the place or places where certificates for such shares are to be surrendered for redemption; and
- (E) that the dividends on the shares of Series C Convertible Preferred Stock to be redeemed shall cease to accrue on such redemption date (except as otherwise provided herein).

(iii) Deposit of Shares and Funds. The Corporation's obligation to deliver shares of Class A Common Stock and provide funds upon redemption in accordance with this Section 3(b) shall be deemed fulfilled if, on or before a redemption date, the Corporation shall irrevocably deposit, with a bank or trust corporation, or an affiliate of a bank or trust corporation, having an office or agency in New York City and having a capital and surplus of at least \$100 million or shall set aside or make other reasonable provision for the issuance of such number of shares of Class A Common Stock as are required to be delivered by the Corporation pursuant to this Section 3(b) upon the occurrence of the related redemption (and for the payment of cash in lieu of the issuance of fractional share amounts and accrued and unpaid dividends payable in cash on the shares to be redeemed as and to the extent provided by this Section 3). Any interest accrued on such funds shall be paid to the Corporation from time to time. Any shares of Class A Common

Stock or funds so deposited and unclaimed at the end of two years from such redemption date shall be repaid and released to the Corporation, after which the holder or holders of such shares of Series C Convertible Preferred Stock so called for redemption shall look only to the Corporation for delivery of such shares of Class A Common Stock or funds.

(iv) Surrender of Certificates; Status. Each holder of shares of Series C Convertible Preferred Stock to be redeemed shall surrender the certificates evidencing such shares (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state) to the Corporation at the place designated in the notice of such redemption and shall thereupon be entitled to receive certificates evidencing shares of Class A Common Stock and to receive any funds payable pursuant to this Section 3 following such surrender and following the date of such redemption. In case fewer than all the shares represented by any such surrendered certificate are called for redemption, a new certificate shall be issued at the expense of the Corporation representing the unredeemed shares. If such notice of redemption shall have been given, and if on the date fixed for redemption, shares of Class A Common Stock and funds necessary for the redemption shall have been irrevocably either set aside by the Corporation separate and apart from its other funds or assets in trust for the account of the holders of the shares to be redeemed or converted (and so as to be and continue to be available therefor) or deposited with a bank or a trust corporation or an affiliate thereof as provided herein or the Corporation shall have made other reasonable provision therefor, then, notwithstanding that the certificates evidencing any shares of Series C Convertible Preferred Stock so called for redemption or subject to conversion shall not have been surrendered, the shares represented thereby so called for redemption shall be deemed no longer outstanding, dividends with respect to the shares so called for redemption shall cease to accrue on the date fixed for redemption (except that holders of shares of Series C Convertible Preferred Stock at the close of business on a record date for any payment of dividends shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares following such record date and prior to such Dividend Payment Date) and all rights with respect to the shares so called for redemption shall forthwith after such date cease and terminate, except for the rights of the holders to receive the shares of Class A Common Stock and funds, if any, payable pursuant to this Section 3 without interest upon surrender of their certificates therefor (unless the Corporation defaults on the delivery of such shares or the payment of such funds). Holders of shares of Series C Convertible Preferred Stock that are redeemed shall not be entitled to receive dividends declared and paid on such shares of Class A Common Stock, and such shares of Class A Common Stock shall not be entitled to vote, until such shares of Class A Common Stock are issued upon the surrender of the certificates representing such shares of Series C Convertible Preferred Stock and upon such surrender such holders shall be entitled to receive such dividends declared and paid to holders of Class A Common Stock as of a record date subsequent to such redemption date without interest thereon.

(c) Conversion at Option of Holder. Shares of Series C Convertible Preferred Stock are convertible, in whole or in part, at the option of the holders thereof, at any time prior to the Mandatory Conversion Date, unless previously redeemed, into shares of Class A Common

Stock at a rate of 8.503 shares of Class A Common Stock for each share of Series C Convertible Preferred Stock (the "Optional Conversion Rate") (equivalent to a conversion price of \$9.226 per share of Class A Common Stock based on the Stated Liquidation Amount), subject to adjustment as set forth below. The right to convert shares of Series C Convertible Preferred Stock called for redemption shall terminate immediately prior to the close of business on the redemption date.

Conversion of shares of Series C Convertible Preferred Stock at the option of the holder may be effected by delivering certificates evidencing such shares, together with written notice of conversion (and, if applicable, cash payment of an amount equal to the dividend attributable to the current quarterly dividend accrued on such shares) to the office or agency to be maintained by the Corporation for that purpose and otherwise in accordance with conversion procedures established by the Corporation. Each optional conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the foregoing requirements shall have been satisfied. The conversion shall be at the Optional Conversion Rate in effect at such time and on such date.

Holders of shares of Series C Convertible Preferred Stock at the close of business on a record date for any payment of declared dividends shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the optional conversion of such shares following such record date and prior to the corresponding Dividend Payment Date. However, shares of Series C Convertible Preferred Stock surrendered for conversion after the close of business on a record date for any payment of dividends and before the opening of business on the next succeeding Dividend Payment Date must be accompanied by payment in cash of an amount equal to the dividend thereon which is to be paid on such Dividend Payment Date (unless such shares have been called for redemption on a redemption date between such record date and such Dividend Payment Date). A holder on the relevant record date of shares of Series C Convertible Preferred Stock called for redemption on September 1, 2000 or any other Dividend Payment Date thereafter will receive the dividend on such shares payable on that date and will be able to convert the shares of Series C Convertible Preferred Stock after the record date for such dividend without paying an amount equal to such dividend to the Corporation upon conversion. Except as provided above, upon any optional conversion of shares of Series C Convertible Preferred Stock, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares of Series C Convertible Preferred Stock or for previously declared dividends or distributions on the shares of Class A Common Stock issued upon such conversion.

(d) Common Equivalent Rate and Optional Conversion Rate Adjustments. The Common Equivalent Rate and the Optional Conversion Rate shall each be subject to adjustment from time to time as provided below in this Section 3(d).

(i) If the Corporation shall, after the date of initial issuance of shares of this Series:

- (A) pay a stock dividend or make a distribution with respect to its Class A Common Stock in shares of capital stock of the Corporation,
- (B) subdivide or split its outstanding Class A Common Stock into a greater number of shares,
- (C) combine its outstanding shares of Class A Common Stock into a smaller number of shares, or
- (D) issue by reclassification of its shares of Class A Common Stock any shares of capital stock of the Corporation,

then, in any such event, the Common Equivalent Rate and the Optional Conversion Rate in effect immediately prior to such event shall each be adjusted so that the holder of any shares of Series C Convertible Preferred Stock thereafter shall be entitled to receive, upon Mandatory Conversion or upon conversion at the option of the holder, the number of shares of Class A Common Stock or other capital stock of the Corporation which such holder would have owned or been entitled to receive immediately following any event described above had such shares of Series C Convertible Preferred Stock been converted immediately prior to such event or any record date with respect thereto. Such adjustment shall become effective as of the opening of business on the business day next following the record date for determination of stockholders entitled to receive such dividend or distribution, in the case of a dividend or distribution, and shall become effective immediately after the effective date, in the case of a subdivision, split, combination or reclassification. Such adjustments shall be made successively.

(ii) If the Corporation shall, after the initial date of issuance of shares of Series C Convertible Preferred Stock, issue rights or warrants to all holders of its Class A Common Stock entitling them (for a period not exceeding 45 days from the date of such issuance) to subscribe for or purchase shares of Class A Common Stock at a price per share less than the Current Market Price of the Class A Common Stock, on the record date for the determination of stockholders entitled to receive such rights or warrants, then, in any such event unless such rights or warrants are issued to holders of shares of Series C Convertible Preferred Stock on a pro rata basis with the shares of Class A Common Stock based on the Common Equivalent Rate on such record date, the Common Equivalent Rate and Optional Conversion Rate shall each be adjusted by multiplying the Common Equivalent Rate and the Optional Conversion Rate in effect at the opening of business on the business day following such record date, by a fraction, of which the numerator shall be the number of shares of Class A Common Stock outstanding at the close of business on such record date, plus the number of additional shares of Class A Common Stock offered for subscription or purchase pursuant to such rights or warrants, and of which the denominator shall be the number of shares of Class A Common Stock outstanding at the close of business on such record date, plus the number of additional shares of Class A Common Stock which the aggregate offering price of the total number of shares of Class A Common Stock so offered for subscription or purchase pursuant to such rights or warrants would purchase at such

Current Market Price (determined by multiplying such total number of shares by the exercise price of such rights or warrants and dividing the product so obtained by such Current Market Price). Such adjustment shall become effective immediately after the opening of business on the business day next following the record date for the determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Class A Common Stock are not delivered after the expiration of such rights or warrants, the Common Equivalent Rate and the Optional Conversion Rate shall each be readjusted to the Common Equivalent Rate and the Optional Conversion Rate which would then be in effect had the adjustments been made upon the issuance of such rights or warrants upon the basis of delivery of only the number of shares of Class A Common Stock actually delivered. Such adjustments shall be made successively.

(iii) If the Corporation shall, after the date of initial issuance of shares of this Series, pay a dividend or make a distribution to all holders of its Class A Common Stock of evidences of its indebtedness, cash or other assets (including capital stock of the Corporation but excluding any cash dividends or distributions, other than Extraordinary Cash Distributions (as hereinafter defined) and dividends referred to in Section 3(d)(i)(A)) or shall issue to all holders of its Class A Common Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in Section 3(d)(ii)), then unless such dividend is paid or distribution is made or rights or warrants are issued to each holder of shares of Series C Convertible Preferred Stock on a pro rata basis with the shares of Class A Common Stock based on the Common Equivalent Rate on the record date for the determination of stockholders entitled to receive such payment or distribution or issuance, in any such event, the Common Equivalent Rate and the Optional Conversion Rate shall each be adjusted by multiplying the Common Equivalent Rate and the Optional Conversion Rate, in effect on such record date, by a fraction, of which the numerator shall be the Current Market Price per share of Class A Common Stock on such record date, and of which the denominator shall be such Current Market Price per share of Class A Common Stock as of such record date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution adopted with respect thereto) of the portion of the assets or evidences of indebtedness so distributed or of such subscription rights or warrants applicable to one share of Class A Common Stock. Such adjustment shall become effective on the opening of business on the business day next following the record date for the determination of stockholders entitled to receive such dividend or distribution or rights or warrants. Such adjustments shall be made successively. As used in this Section 3(d)(iii) the term "Extraordinary Cash Distributions" means, with respect to any cash dividend or distribution paid on any date, the amount, if any, by which all cash dividends and cash distributions on the Class A Common Stock paid during the consecutive 12-month period ending on and including such date (other than cash dividends and cash distributions for which an adjustment to the Common Equivalent Rate and the Optional Conversion Rate was previously made) exceeds, on a per share of Class A Common Stock basis, 15% of the average of the daily Closing Prices of the Class A Common Stock over such consecutive 12-month period.

(iv) For purposes of calculating the number of outstanding shares of Class A Common Stock under Section 3(d)(ii) (A) any shares of Class A Common Stock issuable in

payment of a dividend shall be deemed to have been issued immediately prior to the close of business on the record date for such dividend, and (B) all shares of Class A Common Stock issuable upon conversion, redemption or exchange of any securities or upon exercise of any options, warrants or other rights to acquire Class A Common Stock that are outstanding immediately prior to the issuance of any rights or warrants referred to in Section 3(d)(ii) shall be deemed to be outstanding.

(v) The Corporation shall also be entitled (but will not be required) to make upward adjustments in the Common Equivalent Rate, the Optional Conversion Rate and the Call Price, as it in its sole discretion shall determine to be advisable, in order that any stock dividends, subdivisions or splits of shares, distribution of rights to purchase stock or securities, or distribution of securities convertible into or exchangeable for stock (or any transaction which could be treated as any of the foregoing transactions pursuant to Section 305 of the Internal Revenue Code of 1986, as amended) made by the Corporation to its stockholders after the date of initial issuance of shares of this series shall not be taxable.

(vi) In any case in which Section 3(d) shall require that an adjustment as a result of any event become effective at or as of the opening of business on the business day next following a record date and the date fixed for conversion pursuant to Sections 3(a) or 3(c) or redemption pursuant to Section 3(b) occurs after such record date, but before the occurrence of such event, the Corporation may, in its sole discretion, elect to defer the following until after the occurrence of such event: (A) issuing to the holder of any converted or redeemed shares of Series C Convertible Preferred Stock the additional shares of Class A Common Stock issuable upon such conversion or redemption over the shares of Class A Common Stock issuable before giving effect to such adjustments and (B) paying to such holder any amount in cash in lieu of a fractional share of Class A Common Stock pursuant to Section 3(i).

(vii) All adjustments to the Common Equivalent Rate and the Optional Conversion Rate shall be calculated to the nearest 1/100th of a share of Class A Common Stock. No adjustment in the Class A Common Equivalent Rate or the Optional Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least one percent in the Common Equivalent Rate; provided, however, that any adjustment which by reason of this Section 3(d)(vii) is not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(c) Adjustment for Consolidation or Merger. In the case of (i) any consolidation or merger to which the Corporation is a party (other than a merger or consolidation in which the Corporation is the surviving or continuing corporation and in which the Class A Common Stock outstanding immediately prior to the merger or consolidation remains unchanged), (ii) any sale or transfer to another corporation of the property of the Corporation as an entirety or substantially as an entirety, or (iii) any statutory exchange of securities with another corporation (other than in connection with a merger or acquisition), proper provision shall be made so that each share of Series C Convertible Preferred Stock shall, after consummation of such transaction, be subject to

(A) conversion at the option of the holder into the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Class A Common Stock into which such share of Series C Convertible Preferred Stock might have been converted immediately prior to consummation of such transaction; (B) conversion on the Mandatory Conversion Date into the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Class A Common Stock into which such share of Series C Convertible Preferred Stock would have been converted if the conversion on the Mandatory Conversion Date had occurred immediately prior to the date of consummation of such transaction, plus the right to receive cash in an amount equal to all accrued and unpaid dividends on such shares of Series C Convertible Preferred Stock (other than previously declared dividends payable to a holder of record as of a prior date); and (C) redemption on any redemption date in exchange for the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Class A Common Stock that would have been issuable at the Call Price in effect on such redemption date upon a redemption of such share immediately prior to consummation of such transaction, assuming that, if the Notice Date for such redemption is not prior to such transaction, the Notice Date had been the date of such transaction and assuming in each case that such holder of Class A Common Stock failed to exercise rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon consummation of such transaction (provided that if the kind or amount of securities, cash or other property receivable upon consummation of such transaction is not the same for each non-electing share, then the kind and amount of securities, cash or other property receivable upon consummation of such transaction for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). The kind and amount of securities into or for which the shares of Series C Convertible Preferred Stock shall be convertible or redeemable after consummation of such transaction shall be subject to adjustment as described in this Section 3(d) following the date of consummation of such transaction. The Corporation may not become a party to any such transaction unless the terms thereof are consistent with the foregoing or consistent with Section 7(c)(iii).

For purposes of the immediately preceding paragraph and Section 3(g)(iii), any sale or transfer to another corporation of property of the Corporation which did not account for at least 50% of the consolidated net income of the Corporation for its most recent fiscal year ending prior to the consummation of such transaction shall not in any event be deemed to be a sale or transfer of the property of the Corporation as an entirety or substantially as an entirety.

(f) Notice of Adjustments. Whenever the Common Equivalent Rate and Optional Conversion Rate are adjusted as herein provided, the Corporation shall:

(i) forthwith compute the adjusted Common Equivalent Rate and Optional Conversion Rate in accordance herewith and prepare a certificate signed by an officer of the Corporation setting forth the adjusted Common Equivalent Rate and the Optional Conversion Rate, the method of calculation thereof in reasonable

detail and the facts requiring such adjustment and upon which such adjustment is based, which certificate shall be conclusive, final and binding evidence of the correctness of the adjustment, and file such certificate forthwith with the transfer agent for the shares of Series C Convertible Preferred Stock and the Class A Common Stock or at such other office or agency maintained by the Corporation for the purpose of conversion of the Series B Convertible Preferred Stock; and

(ii) make a prompt public announcement and mail a notice to the holders of the outstanding shares of Series C Convertible Preferred Stock stating that the Common Equivalent Rate and the Optional Conversion Rate have been adjusted, the facts requiring such adjustment and upon which such adjustment is based and setting forth the adjusted Common Equivalent Rate and Optional Conversion Rate, such notice to be mailed at or prior to the time the Corporation mails an interim statement to its stockholders covering the fiscal quarter during which the facts requiring such adjustment occurred, but in any event within 45 days of the end of such fiscal quarter.

(g) Notices. In case, at any time while any of the shares of Series C Convertible Preferred Stock are outstanding:

(i) the Corporation shall declare a dividend (or any other distribution) on its Class A Common Stock, excluding any cash dividends; or

(ii) the Corporation shall authorize the issuance to all holders of its Class A Common Stock of rights or warrants to subscribe for or purchase shares of its Class A Common Stock or of any other subscription rights or warrants; or

(iii) the Corporation shall authorize any reclassification of its Class A Common Stock (other than a subdivision or combination thereof) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required (except for a merger of the Corporation into one of its subsidiaries solely for the purpose of changing the corporate domicile of the Corporation to another state of the United States and in connection with which there is no substantive change in the rights or privileges of any securities of the Corporation other than changes resulting from differences in the corporate statutes of the then existing and the new state of domicile), or the sale or transfer to another corporation of the property of the Corporation as an entirety or substantially as an entirety; or

(iv) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the shares of Series C Convertible Preferred Stock, and shall cause to be mailed to

the holders of shares of Series C Convertible Preferred Stock at their last addresses as they shall appear on the stock register, at least 10 days before the date hereinafter specified (or the earlier of the dates hereinafter specified, in the event that more than one date is specified), a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Class A Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (B) the date on which any such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective and the date as of which it is expected that holders of Class A Common Stock of record shall be entitled to exchange their Class A Common Stock for securities or other property (including cash), if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. The failure to give or receive the notice required by this Section 3(g) or any defect therein shall not affect the legality or validity of such dividend, distribution, right or warrant or other action.

(h) Effect of Conversions and Redemptions. The person or persons in whose name or names any certificate or certificates for shares of Class A Common Stock shall be issuable upon any conversion or redemption shall be deemed to have become on the date of any such conversion or redemption the holder or holders of record of the shares represented thereby; provided, however, that any such surrender on any date when the stock transfer books of the Corporation shall be closed shall constitute the Person or Persons in whose name or names the certificate or certificates for such shares are to be issued as the record holder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open.

(i) Fractional Shares. No fractional shares or scrip representing fractional shares of Class A Common Stock shall be issued upon the redemption or conversion of any shares of Series C Convertible Preferred Stock. In lieu of any fractional share otherwise issuable in respect of the aggregate number of shares of Series C Convertible Preferred Stock of any holder which are redeemed or converted on any redemption date or upon Mandatory Conversion or any optional conversion, such holder shall be entitled to receive an amount in cash (computed to the nearest cent) equal to the same fraction of the (i) Current Market Price per share of Class A Common Stock as of the second Trading Date immediately preceding the Notice Date, in the case of redemption, or (ii) Closing Price of the Class A Common Stock determined (A) as of the fifth Trading Date immediately preceding the Mandatory Conversion Date, in the case of Mandatory Conversion, or (B) as of the second Trading Date immediately preceding the effective date of conversion, in the case of any optional conversion by a holder. If more than one share shall be surrendered for conversion or redemption at one time by or for the same holder, the number of full shares of Class A Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series C Convertible Preferred Stock so surrendered or redeemed.

(j) Reissuance. Shares of Series C Convertible Preferred Stock that have been issued and reacquired in any manner, including shares purchased, exchanged, redeemed or converted, shall not be reissued as part of Series C Convertible Preferred Stock and shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of the Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of Preferred Stock.

(k) Payment of Taxes. The Corporation shall pay any and all documentary, stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Class A Common Stock on the redemption or conversion of shares of Series C Convertible Preferred Stock pursuant to this Section 3; provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any registration of transfer involved in the issue or delivery of shares of Class A Common Stock in a name other than that of the registered holder of shares of Series C Convertible Preferred Stock redeemed or converted or to be redeemed or converted, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(l) Reservation of Class A Common Stock. The Corporation shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Class A Common Stock and/or its issued Class A Common Stock held in its treasury, for the purpose of effecting any Mandatory Conversion of the shares of Series C Convertible Preferred Stock or any conversion of the shares of Series C Convertible Preferred Stock at the option of the holder, the full number shares of Class A Common Stock then deliverable upon any such conversion of all outstanding shares of Series C Convertible Preferred Stock.

SECTION 4. Liquidation Rights. (a) In the event of the liquidation, dissolution, or winding up of the business of the Corporation, whether voluntary or involuntary, the holders of shares of Series C Convertible Preferred Stock then outstanding, after payment or provision for payment of the debts and other liabilities of the Corporation and the payment or provision for payment of any distribution on any shares of the Corporation having a preference and a priority over the shares of Series C Convertible Preferred Stock on liquidation, and before any distribution to the holders of Junior Stock, shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders an amount per share of Series C Convertible Preferred Stock in cash equal to the sum of (i) \$108.51 (the "Stated Liquidation Amount") plus (ii) all accrued and unpaid dividends thereon. In the event the assets of the Corporation available for distribution to the holders of the shares of Series C Convertible Preferred Stock upon any dissolution, liquidation or winding up of the Corporation shall be insufficient to permit payment of the full preferential amounts payable to the holders of outstanding shares of Series C Convertible Preferred Stock and of all other series of Parity Stock, the holders of shares of Series C Convertible Preferred Stock and of all other series of Parity Stock shall share ratably in such distribution of assets in proportion to the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series C Convertible Preferred Stock

and the holders of outstanding shares of such Parity Stock were paid in full. Except as provided in this Section 4, holders of Series C Convertible Preferred Stock shall not be entitled to any distribution in the event of liquidation, dissolution or winding up of the affairs of the Corporation.

(b) For the purposes of this Section 4, none of the following shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation:

(i) the sale, lease, transfer or exchange of all or substantially all of the assets of the Corporation; or

(ii) the consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the corporation surviving such consolidation or merger).

SECTION 5. No Preemptive Rights. The holders of shares of Series C Convertible Preferred Stock shall have no preemptive rights, including preemptive rights with respect to any shares of capital stock or other securities of the Corporation convertible into or carrying rights or options to purchase any such shares.

SECTION 6. Voting Rights. (a) The holders of shares of Series C Convertible Preferred Stock shall have the right with the holders of Common Stock to vote in the election of directors and upon each other matter coming before any meeting of the stockholders on the basis of ten votes for each share held. The holders of shares of Series C Convertible Preferred Stock and the holders of Common Stock and any other voting securities of the Corporation shall vote together as one class except as otherwise set forth herein or as otherwise provided by law or elsewhere in the Restated Certificate of Incorporation of the Corporation, as amended.

(b) If at any time dividends payable on the shares of Series C Convertible Preferred Stock or any other series of Preferred Stock, other than the Series A Redeemable Convertible Preferred Stock, to the extent owned by Hollinger Inc. or any other Affiliate of the Corporation, and any other Preferred Stock owned by an Affiliate of the Corporation, are in arrears and unpaid in an aggregate amount equal to or exceeding the aggregate amount of dividends payable on all such series for six quarterly dividend periods, or if any other series of Preferred Stock shall be entitled for any other reason to exercise voting rights, separate from the Common Stock, to elect any Directors of the Corporation ("Preferred Stock Directors"), the holders of the shares of Series C Convertible Preferred Stock, voting separately as a class with the holders of all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable, with each share of Series C Convertible Preferred Stock entitled to ten votes on this and other matters upon which Preferred Stock votes as a group, shall have the right to vote for the election of two Preferred Stock Directors of the Corporation, such Preferred Stock Directors to be in addition to the number of Directors constituting the Board of Directors of the Corporation immediately prior to the accrual of such right. Such right of the holders of shares of

Series C Convertible Preferred Stock to vote for the election of two Preferred Stock Directors shall, when vested, continue until all dividends in arrears on the shares of Series C Convertible Preferred Stock and such other series of Preferred Stock shall have been paid in full and the right of any other series of Preferred Stock to exercise voting rights, separate from the Common Stock, to elect Preferred Stock Directors shall terminate or have terminated and, when so paid, and any such termination occurs or has occurred, such right of the holders of shares of Series C Convertible Preferred Stock to vote for the election of two Preferred Stock Directors shall cease, subject always to the same provisions for the vesting of such right of the holders of the shares of Series C Convertible Preferred Stock to vote for the election of two Preferred Stock Directors in the case of future dividend defaults.

The term of office of any Preferred Stock Director elected pursuant to the preceding paragraph shall terminate on the earliest of (i) the next annual meeting of stockholders at which a successor shall have been elected and qualified or (ii) the termination of the right of the holders of shares of Series C Convertible Preferred Stock and such other series of Preferred Stock to vote for Preferred Stock Directors pursuant to the preceding paragraph. Vacancies on the Board of Directors resulting from the death, resignation or other cause of any such Preferred Stock Director shall be filled by no less than a majority of the remaining Directors and the Director so elected shall hold office until a successor is elected and qualified.

(c) For as long as any shares of Series C Convertible Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the shares thereof actually voting (voting separately as a class) in person or by proxy at any annual meeting or special meeting of the shareholders called for such purpose, or by written consent, shall be necessary to (i) amend, alter or repeal any of the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which would adversely affect the powers, preferences or rights of the holders of the shares of Series C Convertible Preferred Stock then outstanding or reduce the minimum time required for any notice to which holders of shares of Series C Convertible Preferred Stock then outstanding may be entitled; provided, however, that any such amendment, alteration or repeal that would authorize, create or increase the authorized amount of any additional shares of Junior Stock or of Parity Stock (whether or not already authorized) shall not be deemed to affect adversely such powers, preferences or rights and shall not be subject to approval by the holders of shares of Series C Convertible Preferred Stock; and provided further that clause (i) shall not be applicable to the amendment, alteration or repeal of any provisions of the Restated Certificate of Incorporation of the Corporation, as amended, prior to the issuance of any shares of Series C Convertible Preferred Stock; (ii) authorize or create, or increase the authorized amount of, any Senior Stock, or any security convertible into Senior Stock; or (iii) merge or consolidate with or into any other corporation, unless each holder of the shares of Series C Convertible Preferred Stock immediately preceding such merger or consolidation shall have the right either to (A) receive or continue to hold in the resulting corporation the same number of shares, with substantially the same rights and preferences, as corresponds to the shares of Series C Convertible Preferred Stock so held or (B) convert into

shares of Class A Common Stock at the Common Equivalent Rate in effect on the date immediately preceding the announcement of any such merger or consolidation.

There is no limitation on the issuance by the Corporation of Junior Stock or Parity Stock.

Notwithstanding the provisions set forth in the first paragraph of this Section 3(c), however, no such approval described therein of the holders of the shares of Series C Convertible Preferred Stock shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when such consolidation or merger is to take effect, as the case may be, provision is made for the redemption of all shares of Series C Convertible Preferred Stock at the time outstanding.

SECTION 7. Definitions. As used in this Certificate of Designations:

(a) The term "Affiliate" means with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person that owns, directly or indirectly, 10% or more of such Person's equity ownership or Voting Stock or any officer or director of any such Person or other Person or with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin. For the purposes of this definition, (x) "control" when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings relative to the foregoing, (y) "Person" means any individual, corporation, limited liability corporation, limited or general partnership, unincorporated organization or government or any agency or political subdivision thereof, and (z) "Voting Stock" means stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(b) The term "business day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close or are closed because of a banking moratorium or otherwise.

(c) The term "Call Price" of each share of Series C Convertible Preferred Stock means the sum of (i) \$111.15 on and after June 1, 2000, to and including August 31, 2000, \$110.47 on and after September 1, 2000, to and including November 30, 2000, \$109.82 on and after December 1, 2000, to and including February 28, 2001, \$109.16 on and after March 1, 2001, to and including May 31, 2001, and \$108.51 on the Mandatory Conversion Date, and

(ii) all accrued and unpaid dividends thereon to but not including the date fixed for redemption (other than previously declared dividends payable to a holder of record as of a prior date).

(d) The term "Class A Common Stock" means the Class A Common Stock, par value \$.01 per share, of the Corporation.

(e) The term "Class B Common Stock" means the Class B Common Stock, par value \$.01 per share, of the Corporation.

(f) The term "Closing Price" on any day means the last reported sales price on the New York Stock Exchange or, if not listed thereon, the Nasdaq National Market or the average of the bid and asked prices on the over the counter market, as appropriate.

(g) The term "Common Stock" means the Class A Common Stock and the Class B Common Stock, neither of which has any preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and neither of which is subject to redemption by the Corporation. However, shares of Class A Common Stock issuable upon conversion of shares of Series C Convertible Preferred Stock shall include only shares of the class designated as Class A Common Stock as of the date of initial issuance of shares of this Series, or shares of the Corporation of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and which are not subject to redemption by the Corporation; provided, however, that, if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from such reclassification bears to the total number of shares of all classes resulting from all such reclassifications.

(h) The term "Current Market Price" per share of Class A Common Stock at any date means the lesser of (x) the average of the daily Closing Prices of the Class A Common Stock for the fifteen consecutive Trading Dates ending on and including the date in question and (y) the Closing Price of the Class A Common Stock for such date; provided, however, if any event that results in an adjustment of the Common Equivalent Rate occurs during such fifteen-day period, the Current Market Price as determined pursuant to the foregoing shall be appropriately adjusted to reflect the occurrence of such event.

(i) The term "Series A Preferred Stock" means the Series A Preferred Stock, par value \$.01 per share, of the Corporation.

(j) The term "Series B Convertible Preferred Stock" means the Series B Convertible Preferred Stock, par value \$.01 per share, of the Corporation, represented by PRIDES.

(k) The term "Trading Date" means a date on which the New York Stock Exchange (or any successor thereto) is open for the transaction of business.

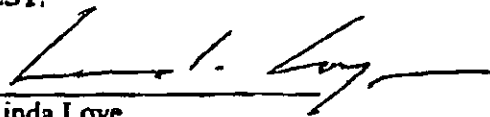
SECTION 8. Construction. It is intended that the holders of increments of Series C Convertible Preferred Stock be entitled to all of the rights, powers and preferences conferred upon holders of the Series C Convertible Preferred Stock pursuant to this Certificate of Designations, and nothing herein shall be construed to require that any holder own a full share of Series C Convertible Preferred Stock, or increments of full shares, in order to exercise or to be entitled to such rights, powers and preferences.

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IN WITNESS WHEREOF, Hollinger International Inc. has caused this Certificate of Designations of Series C Convertible Preferred Stock to be signed and attested this 1st day of August, 1997.

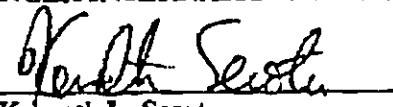
ATTEST:

By:


Linda Loye,
Assistant Secretary

HOLLINGER INTERNATIONAL INC.

By:


Kenneth L. Serota,
Vice President - Law &
Finance and Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:01 AM 08/05/1997
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HOLLINGER INTERNATIONAL INC.

CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

SERIES D REDEEMABLE CONVERTIBLE PREFERRED STOCK

HOLLINGER INTERNATIONAL INC., a Delaware corporation (the "Corporation"), certifies that, pursuant to the authority contained in Article IV of its Restated Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value \$.01 per share, designated as Series D Redeemable Convertible Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, par value \$.01 per share, of the Corporation is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

Section 1. Designation of Amount. The shares of such series shall be designated as "Series D Redeemable Convertible Preferred Stock," and the number of shares constituting such series shall be 739,500.

Section 2. Certain Definitions. As used in this resolution, the following terms have the meaning specified in this Section 2.

"Dividend Period" means each quarter-annual period ending with a Dividend Date (hereinafter defined); provided, that with respect to the first Dividend Date following the Cumulation Date (hereinafter defined), the term "Dividend Period" means the period beginning with the Cumulation Date and ending with such first Dividend Date.

"Hollinger Inc." means Hollinger Inc., a corporation continued under the laws of Canada.

"Southam" means Southam Inc., a corporation continued under the laws of Canada.

"Southam Interests" means 7,395,000 Southam common shares owned beneficially, directly or indirectly, by the Corporation; provided, that if Southam shall pay a

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dividend, or make a distribution, on its common shares in the form of capital stock of the same or another corporation, or subdivide its outstanding common shares into a greater number of common shares, or combine its outstanding common shares into a smaller number of common shares, or effect a reorganization or reclassification of its capital stock, or amalgamate, enter into an arrangement or consolidation or merge with or into another entity (other than an amalgamation, arrangement, consolidation or merger which does not result in a reclassification or change of the outstanding common shares of Southam), the "Southam Interests" shall thereafter include any securities described with respect to any such shares or into which any such shares shall be converted, changed, or reclassified or for which any such shares shall be exchanged, to the end that the dividend rights of the holders of the shares of this Series shall be unchanged, as nearly as may be, notwithstanding the occurrence of such event; and provided further, that except as set forth in the foregoing proviso, any disposition of any Southam common shares by the Corporation or any subsidiary of the Corporation, and any acquisition of any additional Southam common shares by the Corporation or any subsidiary of the Corporation, after the date hereof, shall be disregarded.

"Southam Interests Dividend" means a dividend or other distribution paid on or with respect to the Southam Interests on or prior to the earlier of (i) the redemption date for the redemption of all the shares of this Series outstanding as of such redemption date or (ii) the date of final distribution to the holders of the shares of this Series of the full preferential amount provided for in Section 7 hereof; provided, that the term "Southam Interests Dividend" does not mean or include any part of any dividend or distribution that is payable otherwise than in cash or that constitutes an Extraordinary Cash Dividend (as such term is defined in the Trust Indenture) as applied to the Southam Interests.

"Southam Payment Period" means, with respect to a particular Dividend Date (hereinafter defined), (i) the period of three calendar months ending with the last day of the calendar month immediately preceding such Dividend Date or (ii) if shorter, the period beginning with the Cumulation Date (hereinafter defined) and ending with the last day of the calendar month immediately preceding such Dividend Date.

"Trust Indenture" means the Trust Indenture dated as of December 1, 1993 by and between Hollinger Inc. and Montreal Trust Company of Canada relating to the 7% Southam-Linked Convertible Debentures Due November 1, 1998 of Hollinger Inc.

Section 3. Dividends and Distributions.

(A) The holders of shares of this Series shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, cash dividends, out of funds legally available for the purpose of the respective amounts determined in accordance with the provisions of this Section 3, payable quarter-annually on the 15th day of each of January, April, July and October in each year, commencing October 15, 1997 (each such day being herein called a "Dividend Date"), accruing from the date on which shares of this Series are first issued (such date being herein called the "Cumulation Date").

(B) The dividend payable upon the shares of this Series on a particular Dividend Date shall be an amount per share of this Series equal to (i) the aggregate amount (if any) of the Southam Interests Dividends paid by Southam (whether or not received by the Corporation) during the Southam Payment Period immediately preceding such Dividend Date divided by (ii) 739,500 (being the number of authorized and initially issued shares of this Series).

(C) Dividends upon shares of this Series shall be payable to holders of record as they appear on the stock register of the Corporation on a record date fixed with respect to each Dividend Date by the Board of Directors of the Corporation, which shall in each case be a date not more than 60 days preceding such Dividend Date.

(D) Such dividends upon shares of this Series shall be cumulative (whether or not earned and whether or not the Corporation shall have at the applicable Dividend Date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends).

(E) If at any time full cumulative dividends in respect of all past Dividend Periods shall not have been declared and paid upon the outstanding shares of this Series or upon the outstanding shares of any series of Preferred Stock ranking on a parity as to dividends with this Series, all dividends declared on shares of this Series and of each other series of Preferred Stock ranking on a parity as to dividends with this Series shall be declared pro rata so that the respective amounts of dividends per share declared on such different series shall in all cases bear to each other the same proportions that the respective accumulated dividends per share on such different series bear to each other.

(F) Except as permitted by Paragraph (G) of this Section 3, (1) no dividend (other than a dividend payable solely in shares of the Common Stock of the Corporation or of any other capital stock of the Corporation ranking junior to this Series as to both dividend and liquidation rights) shall be declared or paid upon or set apart for, or any other distribution ordered or made in respect of, shares of the Common Stock of the Corporation or of any series of Preferred Stock ranking, as to dividend or liquidation rights, junior to this Series and (2) no purchase, redemption or other acquisition (except in exchange for, or out of the net cash proceeds from the contemporaneous sale of, capital stock of the Corporation ranking junior to this Series as to both dividend and liquidation rights) shall be made of any shares of Common Stock or of any other stock of the Corporation ranking junior to this Series as to either dividend or liquidation rights and (3) no purchase, redemption or other acquisition shall be made of any shares of this Series or of any other series of Preferred Stock ranking, as to dividend or liquidation rights, on a parity with this Series (except for redemption in whole of this Series and except for offers to purchase or acquire shares which are made on the same terms to all holders of shares of this Series and of each such other series) (any such dividend, distribution, redemption, purchase or acquisition described in clause (1), (2) or (3) being hereinafter called a "prohibited event"), unless full cumulative dividends upon the outstanding shares of this Series, for the period from the Cumulation Date to, in the case of any such prohibited event occurring during a Dividend Period, the Dividend Date next preceding such prohibited event or, in the case of any such prohibited event occurring on a Dividend Date, the date of such prohibited event, have been or, contemporaneously with such prohibited event, are declared and paid.

(G) No dividend shall be declared or paid upon or set apart for, or any other distribution ordered or made in respect of, the shares of any series of preferred Stock ranking, as to dividend rights, junior to this Series unless full cumulative dividends upon the outstanding shares of this Series, for the period from the Cumulation Date to, in the case of any such dividend or distribution made during a Dividend Period, the Dividend Date next preceding such dividend or distribution or, in the case of any such dividend or distribution made on a Dividend Date, the date of such dividend or distribution, have been or, contemporaneously with such dividend or distribution, are declared and paid (or declared and a sum sufficient for the payment thereof set apart for such payment).

Section 4. Currency. References herein to an amount of \$0.01 per share, with respect to shares of this Series, and references in Section 8 hereof to the Conversion Price, are expressed in United States currency. All other financial amounts set forth herein are expressed in Canadian currency.

Section 5. Redemption at the Option of the Corporation.

(A) The shares of this Series shall be redeemable, in whole or in part, at any time and from time to time, at the sole option and election of the Corporation expressed by resolution of the Board of Directors, at a redemption price of Cdn. \$146.625 per share plus an amount equal to all accrued and unpaid dividends to the date fixed for redemption (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at the redemption date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends). No interest or sum of money in lieu of interest shall be payable in respect of such redemption price.

(B) In order to facilitate the redemption of shares of this Series, the Board of Directors may fix a record date for the determination of the holders of the shares of this Series to be redeemed, or may cause the transfer books of the Corporation to be closed for the transfer of shares of this Series, not more than 60 days prior to the date fixed for such redemption.

(C) Notice of any redemption of shares of this Series shall be mailed at least 15, but not more than 60, days prior to the date fixed for redemption by first-class mail, postage prepaid, to each holder of shares to be redeemed, at such holder's address as it appears on the stock register of the Corporation. Each such notice shall state (i) the redemption date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder and the number(s) of the certificate(s) representing such shares; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(D) Upon the surrender in accordance with such notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price specified in the notice. From and after the date fixed in

any such notice as the date of redemption (unless default shall be made by the Corporation in providing moneys for the payment of the redemption price pursuant to such notice) all dividends on the shares of this Series called for redemption shall cease to accrue and all rights of the holders thereof, as such, shall cease and terminate, except only the right to receive the redemption price therefor without interest thereon, and such shares shall not after the redemption date be deemed to be outstanding.

(E) If fewer than all the outstanding shares of this Series are to be redeemed, the shares to be redeemed shall be selected by the Corporation, by lot or pro rata (as nearly as may be) or in such other manner as the Board of Directors of the Corporation may determine, from the outstanding shares of this Series not previously called for redemption. If fewer than all the shares owned by a holder shall be redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

Section 6. Redemption at the Option of a Holder.

(A) Each holder of shares of this Series shall have the right, at the sole option and election of such holder, at any time and from time to time, to require the Corporation to redeem some or all of the shares of this Series owned of record by such holder, to the extent that such redemption shall be permitted under applicable law and subject to the provisions of any agreement with respect to borrowed money to which the Corporation is a party at the redemption date hereinafter mentioned.

(B) In order to exercise such right, a holder of shares of this Series must provide notice of such exercise by first-class mail, postage prepaid, mailed to the Corporation at its principal place of business not less than 15 nor more than 60 days prior to the date for redemption; provided, that if the aggregate redemption price of the shares of this Series to be redeemed on a particular redemption date pursuant to this Section 6 and the shares redeemed or to be redeemed prior to such redemption date pursuant to Sections 5 and 6 hereof shall exceed Cdn. \$10,000,000, such notice shall be mailed not less than 180 days, or such earlier date to which the Corporation in its sole discretion may agree, nor more than 240 days prior to such redemption date. Each such notice shall state (i) the redemption date, (ii) the number of shares of this Series to be redeemed pursuant to this Section 6, and (iii) if fewer than all the shares held by such holder are to be redeemed, the number(s) of the certificate(s) representing such shares.

(C) Upon the surrender in accordance with such notice of the certificates for the shares of this Series so to be redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require), such shares shall be redeemed by the Corporation and the Corporation shall pay to the holder thereof in cash a redemption price of Cdn. \$146.625 per share plus an amount equal to all dividends accrued and unpaid thereon to the date fixed for redemption (whether or not the Corporation shall have at such redemption date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends), whereupon all rights of the holder of the shares, as such, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding. No interest or sum of money in lieu of interest shall be payable in respect of such redemption price.

Section 7. Liquidation Rights.

(A) Upon the dissolution, liquidation or winding up of the Corporation (whether voluntary or involuntary), the holders of the shares of this Series shall be entitled to receive out of the assets of the Corporation available for distribution to stockholders, before any payment or distribution shall be made on the Common Stock or on any other stock ranking junior to this Series upon liquidation, the amount of Cdn. \$146.625 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at said date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends). No interest or sum of money in lieu of interest shall be payable in respect of such liquidation distribution.

(B) In the event the assets of the Corporation available for distribution to stockholders upon any dissolution, liquidation or winding up of the Corporation (whether voluntary or involuntary) shall be insufficient to pay in full all amounts to which the holders of shares of this Series and of each series of Preferred Stock ranking, as to liquidation rights, on a parity with this Series are entitled, the holders of all such shares shall share ratably in any distribution of assets in proportion to the respective amounts to which holders of all such shares are entitled upon such dissolution, liquidation or winding up if all amounts payable thereon were paid in full.

(C) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section 7, the holders of shares of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(D) Neither the sale, lease or exchange (for cash, securities or other consideration) of all or substantially all the property or assets of the Corporation nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section 7.

(E) No purchase, redemption or other acquisition of shares of Common Stock or of any other stock of the Corporation ranking as to either dividend or liquidation rights, junior to this Series shall be made (i) if, after giving effect to such purchase, redemption or acquisition, the remaining net assets of the Corporation would be less than the aggregate amount to which holders of shares of this Series and of each series of Preferred Stock ranking, as to the liquidation rights, senior to or on a parity with this Series are entitled in the event of a liquidation of the Corporation, or (ii) if at the time of such purchase, redemption or acquisition the Corporation is insolvent or would become so as a result thereof.

Section 8. Conversion.

(A) Shares of this Series shall be convertible at the option of the respective holders thereof at any time, at the office or agency in the Borough of Manhattan in the City of New York maintained by the Corporation for that purpose, in fully paid and non-assessable shares

of Common Stock at the Canadian Dollar Equivalent of the Conversion Price, determined as hereinafter provided, in effect at the time of conversion, subject to the following terms and conditions. Such right of conversion shall cease and terminate, as to shares of this Series called for redemption, at the close of business on the date fixed for redemption, unless default shall be made in the payment of the redemption price. No payment or adjustment shall be made on account of dividends accrued or in arrears on shares of this Series surrendered for conversion or on account of any dividends on Common Stock issued upon such conversion.

For purposes of this Section 8, the term "Common Stock" means capital stock of the Corporation of any class, whether now or hereafter authorized, which has the right to participate in the distribution of either the assets or earnings of the Corporation without limit as to amount or percentage and without preference in respect of dividends or distributions upon liquidation, and which is not subject to redemption. The shares of Common Stock issuable upon conversion of shares of this Series shall, however, be shares of Class A Common Stock, par value \$0.01 per share, as of the original date of issue of this Series, except as otherwise provided in this Section 8.

Before any holder of shares of this Series shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates for such shares of this Series at the office or agency maintained as hereinabove provided, which certificate or certificates, if the Corporation shall so request, shall be duly endorsed to the Corporation or in blank, or accompanied by proper instruments of transfer to the Corporation or in blank, and accompanied by funds in the amount of any amounts which may be payable to the Corporation pursuant to Paragraph (G) of this Section 8, and shall give written notice to the Corporation at said office or agency that such holder elects so to convert such shares of this Series, and shall state in writing therein the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued.

As soon as practicable after such surrender of a certificate or certificates for shares of this Series and all instruments, amounts and notices above prescribed, the Corporation shall issue and deliver at said office or agency a certificate or certificates for the number of full shares of Common Stock issuable upon conversion, together with a cash payment in lieu of any fraction of a share as hereinafter provided, to the person or persons entitled thereto. Shares of this Series shall be deemed to have been converted as of the date of such surrender of a certificate or certificates for shares of this Series, accompanied by all instruments, amounts and notices above prescribed, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated as the record holder or holders of such Common Stock at such time for all purposes; provided, however, that any such surrender on any date when the stock transfer books of the Corporation are closed for any purpose shall not be effective to constitute the person or persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the person or persons in whose name or names the certificates for such shares of Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer books are open, and such conversion shall be at the Canadian Dollar Equivalent of the Conversion Price in effect at such time on such succeeding day.

(B) The shares of this Series shall be convertible into shares (calculated as to each conversion to the nearest $1/100^{\text{th}}$ of a share) of Common Stock at the Canadian Dollar Equivalent of the Conversion Price, determined as hereinafter provided, in effect at the time of conversion.

For the purpose of such conversion, each share of this Series shall be taken at Cdn. \$146.625. The Conversion Price shall be initially U.S. \$14.00 per share of Common Stock, and the Canadian Dollar Equivalent of the Conversion Price on any particular day shall be the Conversion Price expressed in Canadian currency based on the noon buying rate on that day in The City of New York for cable transfers in United States dollars as certified for customs purposes by the Federal Reserve Bank of New York set forth as Canadian dollars per U.S. \$1.00.

The Conversion Price shall be adjusted from time to time as follows:

(1) If the Corporation:

(a) makes a distribution or pays a dividend on its Common Stock in shares of its Common Stock; or

(b) subdivides outstanding shares of Common Stock into a greater number of shares; or

(c) combines its outstanding shares of Common Stock into a smaller number of shares; or

(d) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or

(e) issues by reclassification of its Common Stock any shares of its capital stock;

then the conversion privilege and the Conversion Price in effect immediately before such action shall be adjusted so that the holder of shares of this Series thereafter converted shall receive the number of shares of Common Stock or capital stock of the Corporation, as the case may be, which such holder would have owned immediately following such action if such holder had converted the shares of this Series immediately before the record date (or, if no record date, the effective date) for such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a holder of shares of this Series upon conversion thereof may receive shares of two or more classes of capital stock of the Corporation, the Board of Directors of the Corporation shall determine the allocation of the adjusted Conversion Price between the classes of capital stock. After such allocation, the conversion privilege and conversion price of

each class of capital stock shall thereafter be subject to adjustment on terms comparable to those in this Paragraph (B).

(2) If the corporation distributes any rights or warrants to all holder of its Common Stock entitling them for a period expiring within 60 days after the record date mentioned below to purchase shares of Common Stock at a price per share less than the Current Market Price Per Share (as hereinafter defined) on that record date, the Conversion Price shall be adjusted in accordance with the formula:

$$C' = C * \frac{O + \frac{N \times P}{M}}{O + N}$$

where:

- C' = the adjusted Conversion Price.
- C = the current Conversion Price
- O = the number of shares of Common Stock outstanding on the record date.
- N = the number of additional shares of Common Stock offered.
- P = the offering price per share of the additional shares.
- M = the Current Market Price Per Share of Common Stock on the record date.

The adjustment shall be made successively whenever any such rights or warrants are issued and shall become effective immediately after the record date for the determination of stockholders entitled to receive the rights or warrants. If, at the end of the period during which such warrants or rights are exercisable, not all warrants or rights shall have been exercised, the Conversion Price shall be immediately readjusted to the Conversion Price which would then be in effect if the adjustment upon the issuance of such warrants or rights had been made on the basis of the number of shares of Common Stock actually issued rather than the number of shares offered.

(3) If the Corporation distributes to all holders of its Common Stock any of its assets or debt securities or any rights or warrants to purchase securities of the Corporation, the Conversion Price shall be adjusted in accordance with the formula:

$$C' = C + \frac{M - F}{M}$$

where:

- C' = the adjusted Conversion Price.
- C = the current Conversion Price.
- M = the Current Market Price Per Share of Common Stock on the record date.
- F = the fair market value on the record date of the assets, securities, rights or warrants applicable to one share of Common Stock, as determined by the Board of Directors of the Corporation in good faith.

The adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive the distribution.

This Paragraph (B)(3) shall not apply to dividends or distributions paid in cash out of consolidated current or retained earnings as shown on the books of the Corporation or to rights or warrants referred to in Paragraph (B)(2) of this Section 8.

(4) In Paragraphs (B)(2) and (B)(3) of this Section 8, "Current Market Price Per Share" of Common Stock on any date means the average of the per share Closing Prices of the Common Stock during the period of 15 consecutive Trading Days ending with the day immediately preceding such date.

"Closing Price" of the Common Stock on any day means the reported last sales price regular way on such day on the New York Stock Exchange, or, if not reported for such Exchange, on the Composite Tape or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way on the New York Stock Exchange, or, if the Common Stock is not listed or admitted to trading on such exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or, if not listed or admitted to trading on any national securities exchange, on the National Association of Securities Dealers Automated Quotations National Market System or, if not quoted on such National Market System, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Corporation for that purpose, or if no such quotations are available, the fair market price as determined in good faith by the Board of Directors of the Corporation (whose determination shall be conclusive).

"Trading Day" means each Monday, Tuesday, Wednesday, Thursday or Friday, other than any day on which securities are generally not traded on the applicable securities exchange or in the applicable securities market.

(5) No adjustment of the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Paragraph (b) shall be made to the nearest cent or to the nearest $1/100^{\text{th}}$ of a share, as the case may be.

(6) No adjustment need be made for a transaction referred to in Paragraph (B)(1), (B)(2) or (B)(3) of this Section 8 if holders of shares of this Series may participate in the transaction on a basis that the Board of Directors determines to be fair and appropriate in light of the basis on which holders of Common Stock participate in the transaction.

No adjustment need be made for sales of Common Stock pursuant to a plan for reinvestment of dividends or interest.

No adjustment need be made for a change in the par value of the Common Stock.

If the Shares of this Series become convertible solely into cash, no adjustment need be made thereafter. Interest shall not accrue on the case.

(7) If any capital reorganization or reclassification of the capital stock of the Corporation or merger of the Corporation with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected, then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby each holder of shares of this Series shall thereafter have the right to receive upon conversion of shares of this Series and upon the basis, terms and conditions specified herein and in lieu of the shares of the Common Stock of the Corporation immediately theretofore receivable upon conversion thereof, such shares of stock, securities or assets as such holder would have owned immediately after the consolidation, merger or transfer if such holder had converted the shares of this Series immediately before the effective date of the transaction, and in any such case appropriate provision shall be made with respect to the rights and interests of such holder to the end that the provisions hereof (including without limitation provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the conversion thereof. The Corporation shall not effect any such consolidation, merger or sale unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Corporation) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument the obligation to deliver to such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to receive.

(C) Whenever the Conversion Price shall be adjusted as herein provided, the Corporation shall forthwith file, at the office or agency maintained for the conversion of shares of this Series as hereinabove provided, a statement, signed by the Chairman of the Board, the President or any Vice President and by the Controller, an Assistant Controller, the Secretary or an Assistant Secretary of the Corporation, showing in detail the facts requiring such adjustment and the actual Conversion Price that shall be in effect after such adjustment. In the absence of manifest error, each such statement shall be conclusive evidence of the correctness of the amount of the adjustment specified therein. The Corporation shall also cause a notice setting forth any such adjustments to be sent by first-class mail, postage prepaid, to each holder of shares of this

Series at such holder's address as it appears on the stock register of the Corporation. Such notice may be included as a part of a notice required to be mailed under the provisions of Paragraph (D) of this Section 8 under circumstances requiring notice pursuant to such Paragraph (D).

(D) If at any time:

(1) the Corporation declares any stock dividend upon its Common Stock or makes any distribution other than cash dividends to the holders of shares of Common Stock; or

(2) the Corporation authorizes the offer for subscription, pro rata to the holders of shares of Common Stock, of any additional shares of any class or any other rights; or

(3) the Corporation is a party to any transaction which is subject to the provisions of Paragraph (B)(7) of this Section 8; or

(4) there is a liquidation or dissolution of the Corporation;

then, and in any of said cases, the Corporation shall give notice, in the manner set forth in Paragraph (C) of this Section 8, which notice shall specify the action to be taken and the record date or the date as of which entitlement to any such dividend, distribution or offer is to be determined, or the effective date of any action of the types set forth in clause (3) or (4) above. Such notice shall be given at least 15 days prior to the record date, such date of entitlement or such effective date with respect thereto. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(E) Irrespective of any adjustment in the actual Conversion Price (or the number of shares of Common Stock into which each share of this Series is convertible), any shares of this Series theretofore or thereafter issued may continue to express the Conversion Price and conversion rate stated in the initially issued shares of this Series.

(F) The Corporation shall not be required to issue a fractional interest in a share of Common Stock or scrip upon conversion of shares of this Series. As to any fractional interest in a share of Common Stock which otherwise would be issuable in respect of the aggregate number of shares of this Series surrendered for conversion at any one time by the same holder, the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to the same fraction of the Closing Price of a share of Common Stock on the date on which such shares of this Series were duly surrendered for conversion, or, if such date is not a Trading Day, on the next Trading Day.

(G) The Corporation shall pay any and all taxes attributable to the issuance or delivery of Common Stock upon conversion of any shares of this Series pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that in which shares of this Series so converted were registered, and no such issue or delivery shall be made unless and until the person requesting the same shall have paid to

the Corporation the amount of any such tax, or shall have established, to the satisfaction of the Corporation, that such tax has been paid.

(H) The Corporation shall at all times reserve and keep available, free from preemptive rights, out of its treasury stock or authorized and unissued Common Stock, or both, solely for the purpose of effecting the conversion of shares of this Series, such full number of shares of Common Stock as shall then be sufficient to effect the conversion of all shares of this Series then outstanding.

(I) The Corporation may make such reductions in the Conversion Price, in addition to those required by Paragraph (B) of this Section 8, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients or, if that is not possible, to diminish any income taxes that are otherwise payable because of such event.

Section 9. Shares to be Retired. All shares of this Series purchased, redeemed or otherwise acquired by the Corporation (but not shares held by it for the account or benefit of the owner of such shares) shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of this Series.

Section 10. Voting.

(A) The holders of shares of this Series shall have no voting rights except as otherwise set forth herein or as otherwise provided by law or elsewhere in the Restated Certificate of Incorporation of the Corporation, as amended.

(B) For as long as any shares of this Series remain outstanding, the affirmative vote or consent of the holders of at least 66 2/3% of the shares thereof actually voting (voting separately as a class) in person or by proxy at any annual meeting or special meeting of the shareholders called for such purpose, or by written consent, shall be necessary to amend, alter or repeal any of the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which would adversely affect the powers, preferences or rights of the holders of the shares of this Series then outstanding or reduce the minimum time required for any notice to which holders of shares of this Series then outstanding may be entitled; provided, however, that any such amendment, alteration or repeal that would authorize, create or increase the authorized amount of any additional shares of Common Stock or any other capital stock of the Corporation ranking junior to the shares of this Series as to the payment of dividends and the distribution of assets upon liquidation (the "Junior Stock") or of any preferred stock issued by the Corporation that by its terms ranks on a parity with the shares of this Series (the "Parity Stock") (whether or not already authorized) shall not be deemed to affect adversely such powers, preferences or rights and shall not be subject to approval by the holders of shares of this Series; and provided further that this clause shall not be applicable to the amendment, alteration or repeal of any provisions of the Restated Certificate of Incorporation of the Corporation, as amended, prior to the issuance of any shares of this Series.

There is no limitation on the issuance by the Corporation of Junior Stock or Parity Stock.

Notwithstanding the provisions set forth in the first paragraph of this subsection (B), however, no such approval described therein of the holders of the shares of this Series shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when such consolidation or merger is to take effect, as the case may be, provision is made for the redemption of all shares of this Series at the time outstanding.

Section 11. Rank. The shares of this Series shall rank on a parity, as to both dividends and liquidation rights, with each other series of Preferred Stock, except to the extent that the resolution of the Board of Directors creating such other series shall expressly provide otherwise.

Section 12. Restriction on Transfer.

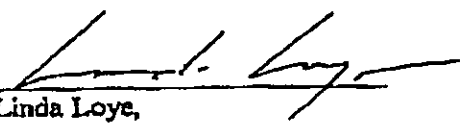
(A) No sale, transfer or other disposition of any share or shares of this Series shall be valid or effectual for any purpose whatsoever, and the Corporation shall not be obligated to recognize or give any effect to any purported such sale, transfer, or other disposition, other than a sale, transfer or disposition to a Subsidiary or Affiliate (as such terms are defined in the Corporation's Restated Certificate of Incorporation) of Hollinger Inc. unless and until the Corporation, by resolution duly adopted by its Board of Directors, shall have consented to the proposed transfer and approved the proposed transferee.

(B) Notwithstanding anything to the contrary set forth herein, any holder of shares of this Series may pledge such shares to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness or other obligations due to the pledgee, provided, that such shares shall remain subject to the provisions of this Section 12. Any such pledged shares of this Series that shall become subject to any foreclosure, realization or other similar action by the Pledgee may be transferred only in accordance with the provisions of Paragraph (A) of this Section 12.

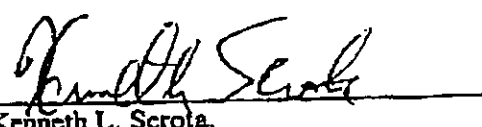
IN WITNESS WHEREOF, Hollinger International Inc. has caused this Certificate of Designations of Series D Redeemable Convertible Preferred Stock to be signed and attested this 1st day of August, 1997.

ATTEST:

HOLLINGER INTERNATIONAL INC.

By: 

Linda Loye,
Assistant Secretary

By: 

Kenneth L. Scrola,
Vice President-Law & Finance
and Secretary

FROM RICHARDS, LAYTON & FINGER #1

(TUE) 5.11'99 12:19/ST. 12:46 PM
STATE OF DELAWARE
DIVISION OF CORPORATIONS
FILED 11:00 AM 05/11/1999
991186191 - 2250780

HOLLINGER INTERNATIONAL INC.

CERTIFICATE OF THE VOTING POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS, AND QUALIFICATIONS, OR RESTRICTIONS, THEREOF, OF SERIES E REDEEMABLE CONVERTIBLE PREFERRED STOCK

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

HOLLINGER INTERNATIONAL INC., a Delaware corporation (the "Corporation"), certifies that, pursuant to the authority contained in Article IV of its Restated Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value \$.01 per share, designated as Series E Redeemable Convertible Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, par value \$.01 per share, of the Corporation is created hereby, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

Section 1. Designation of Amount. The shares of such series shall be designated as "Series E Redeemable Convertible Preferred Stock," and the number of shares constituting such series shall be 134,126.

Section 2. Certain Definitions. As used in this resolution, the following terms have the meaning specified in this Section 2.

"Class A Common Stock" means Class A Common Stock, par value \$0.01 per share of the Corporation.

"Dividend Period" means each quarter-annual period ending with a Dividend Date (hereinafter defined); provided, that with respect to the first Dividend Date following the Cumulation Date (hereinafter defined), the term "Dividend Period" means the period beginning with the Cumulation Date and ending with such first Dividend Date.

"Hollinger Inc." means Hollinger Inc., a corporation continued under the laws of Canada.

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Section 3. Dividends and Distributions.

(A) The holders of shares of this Series shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, cash dividends, out of funds legally available for that purpose, in the amounts determined in accordance with the provisions of this Section 3, payable quarter-annually on the 15th day of each of January, April, July and October in each year, commencing July 15, 1999 (each such day being herein called a "Dividend Date"), accruing from [the date on which shares of this Series are first issued] (such date being herein called the "Cumulation Date").

(B) The dividend payable upon the shares of this Series on a particular Dividend Date shall be an amount per share of this Series equal to the product of (1) (i) Cdn.\$146.625 divided by (ii) the Canadian Dollar Equivalent of the Conversion Price (as defined in Section 8 hereof) on such Dividend Date and (2) the per share amount of regularly scheduled dividends paid in cash on the Common Stock (as defined in Section 8) during the period from but excluding the immediately preceding Dividend Date (or if there has not been a preceding Dividend Date pursuant to paragraph (A) of this Section 3, the immediately preceding Dividend Date on the Series D Redeemable Convertible Preferred Stock) to and including such Dividend Date.

(C) Dividends upon shares of this Series shall be payable to holders of record as they appear on the stock register of the Corporation on a record date fixed with respect to each Dividend Date by the Board of Directors of the Corporation, which shall in each case be a date not more than 60 days preceding such Dividend Date.

(D) Such dividends upon shares of this Series shall be cumulative (whether or not earned and whether or not the Corporation shall have at the applicable Dividend Date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends).

(E) If at any time full cumulative dividends in respect of all past Dividend Periods shall not have been declared and paid upon the outstanding shares of this Series or upon the outstanding shares of any series of Preferred Stock ranking on a parity as to dividends with this Series, all dividends declared on shares of this Series and of each other series of Preferred Stock ranking on a parity as to dividends with this Series shall be declared pro rata so that the respective amounts of dividends per share declared on such different series shall in all cases bear to each other the same proportions that the respective accumulated dividends per share on such different series bear to each other.

Section 4. Currency. References herein to an amount of \$0.01 per share, with respect to shares of this Series, and references in Section 8 hereof to the Conversion Price, are expressed in United States currency. All other financial amounts set forth herein are expressed in Canadian currency.

Section 5. Redemption at the Option of the Corporation.

(A) The shares of this Series shall be redeemable, in whole or in part, at any time and from time to time, at the sole option and election of the Corporation expressed by resolution of the Board of Directors, at a redemption price of Cdn. \$146.625 per share plus an amount equal to all accrued and unpaid dividends to the date

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fixed for redemption (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at the redemption date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends). No interest or sum of money in lieu of interest shall be payable in respect of such redemption price.

(B) In order to facilitate the redemption of shares of this Series, the Board of Directors may fix a record date for the determination of the holders of the shares of this Series to be redeemed, or may cause the transfer books of the Corporation to be closed for the transfer of shares of this Series, not more than 60 days prior to the date fixed for such redemption.

(C) Notice of any redemption of shares of this Series shall be mailed at least 15, but not more than 60, days prior to the date fixed for redemption by first-class mail, postage prepaid, to each holder of shares to be redeemed, at such holder's address as it appears on the stock register of the Corporation. Each such notice shall state (i) the redemption date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder and the number(s) of the certificate(s) representing such shares; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(D) Upon the surrender in accordance with such notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price specified in the notice. From and after the date fixed in any such notice as the date of redemption (unless default shall be made by the Corporation in providing moneys for the payment of the redemption price pursuant to such notice) all dividends on the shares of this Series called for redemption shall cease to accrue and all rights of the holders thereof, as such, shall cease and terminate, except only the right to receive the redemption price therefor without interest thereon, and such shares shall not after the redemption date be deemed to be outstanding.

(E) If fewer than all the outstanding shares of this Series are to be redeemed, the shares to be redeemed shall be selected by the Corporation, by lot or pro rata (as nearly as may be) or in such other manner as the Board of Directors of the Corporation may determine, from the outstanding shares of this Series not previously called for redemption. If fewer than all the shares owned by a holder shall be redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

Section 6. Redemption at the Option of a Holder.

(A) Each holder of shares of this Series shall have the right, at the sole option and election of such holder, at any time and from time to time, to require the Corporation to redeem some or all of the shares of this Series owned of record by such holder, to the extent that such redemption shall be permitted under applicable law and subject to the provisions of any agreement with respect to borrowed money to which the Corporation is a party at the redemption date hereinafter mentioned.

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(B) In order to exercise such right, a holder of shares of this Series must provide notice of such exercise by first-class mail, postage prepaid, mailed to the Corporation at its principal place of business not less than 15 nor more than 60 days prior to the date for redemption; provided, that if the aggregate redemption price of the shares of this Series to be redeemed on a particular redemption date pursuant to this Section 6 and the shares redeemed or to be redeemed prior to such redemption date pursuant to Sections 5 and 6 hereof shall exceed Cdn. \$10,000,000, such notice shall be mailed not less than 180 days, or such earlier date to which the Corporation in its sole discretion may agree, nor more than 240 days prior to such redemption date. Each such notice shall state (i) the redemption date, (ii) the number of shares of this Series to be redeemed pursuant to this Section 6, and (iii) if fewer than all the shares held by such holder are to be redeemed, the number(s) of the certificate(s) representing such shares.

(C) Upon the surrender in accordance with such notice of the certificates for the shares of this Series so to be redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require), such shares shall be redeemed by the Corporation and the Corporation shall pay to the holder thereof in cash a redemption price of Cdn. \$146.625 per share plus an amount equal to all dividends accrued and unpaid thereon to the date fixed for redemption (whether or not the Corporation shall have at such redemption date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends), whereupon all rights of the holder of the shares, as such, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding. No interest or sum of money in lieu of interest shall be payable in respect of such redemption price.

Section 7. Liquidation Rights.

(A) Upon the dissolution, liquidation or winding up of the Corporation (whether voluntary or involuntary), the holders of the shares of this Series shall be entitled to receive out of the assets of the Corporation available for distribution to stockholders, before any payment or distribution shall be made on the Common Stock or on any other stock ranking junior to this Series upon liquidation, the amount of Cdn. \$146.625 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution (whether or not such dividends shall have been declared or earned and whether or not the Corporation shall have at said date, or shall have had during any Dividend Period or Periods, assets legally available for the payment of such dividends). No interest or sum of money in lieu of interest shall be payable in respect of such liquidation distribution.

(B) In the event the assets of the Corporation available for distribution to stockholders upon any dissolution, liquidation or winding up of the Corporation (whether voluntary or involuntary) shall be insufficient to pay in full all amounts to which the holders of shares of this Series and of each series of Preferred Stock ranking, as to liquidation rights, on a parity with this Series are entitled, the holders of all such shares shall share ratably in any distribution of assets in proportion to the respective amounts to which holders of all such shares are entitled upon such dissolution, liquidation or winding up if all amounts payable thereon were paid in full.

(C) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section 7, the holders of shares of this

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Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(D) Neither the sale, lease or exchange (for cash, securities or other consideration) of all or substantially all the property or assets of the Corporation nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section 7.

(E) No purchase, redemption or other acquisition of shares of Common Stock or of any other stock of the Corporation ranking as to either dividend or liquidation rights, junior to this Series shall be made (i) if, after giving effect to such purchase, redemption or acquisition, the remaining net assets of the Corporation would be less than the aggregate amount to which holders of shares of this Series and of each series of Preferred Stock ranking, as to the liquidation rights, senior to or on a parity with this Series are entitled in the event of a liquidation of the Corporation, or (ii) if at the time of such purchase, redemption or acquisition the Corporation is insolvent or would become so as a result thereof.

Section 8. Conversion.

(A) Shares of this Series shall be convertible at the option of the respective holders thereof at any time, at the office or agency in the Borough of Manhattan in the City of New York maintained by the Corporation for that purpose, in fully paid and non-assessable shares of Common Stock at the Canadian Dollar Equivalent of the Conversion Price, determined as hereinafter provided, in effect at the time of conversion, subject to the following terms and conditions. Such right of conversion shall cease and terminate, as to shares of this Series called for redemption, at the close of business on the date fixed for redemption, unless default shall be made in the payment of the redemption price. No payment or adjustment shall be made on account of dividends accrued or in arrears on shares of this Series surrendered for conversion or on account of any dividends on Common Stock issued upon such conversion.

For purposes of this Section 8, the term "Common Stock" means capital stock of the Corporation of any class, whether now or hereafter authorized, which has the right to participate in the distribution of either the assets or earnings of the Corporation without limit as to amount or percentage and without preference in respect of dividends or distributions upon liquidation, and which is not subject to redemption. The shares of Common Stock issuable upon conversion of shares of this Series shall, however, be shares of Class A Common Stock, par value \$.01 per share, as of the original date of issue of this Series, except as otherwise provided in this Section 8.

Before any holder of shares of this Series shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates for such shares of this Series at the office or agency maintained as hereinabove provided, which certificate or certificates, if the Corporation shall so request, shall be duly endorsed to the Corporation or in blank, or accompanied by proper instruments of transfer to the Corporation or in blank, and accompanied by funds in the amount of any amounts which may be payable to the Corporation pursuant to Paragraph (G) of this Section 8, and shall give written notice to the Corporation at said office or agency that

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such holder elects so to convert such shares of this Series, and shall state in writing therein the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued.

As soon as practicable after such surrender of a certificate or certificates for shares of this Series and all instruments, amounts and notices above prescribed, the Corporation shall issue and deliver at said office or agency a certificate or certificates for the number of full shares of Common Stock issuable upon conversion, together with a cash payment in lieu of any fraction of a share as hereinafter provided, to the person or persons entitled thereto. Shares of this Series shall be deemed to have been converted as of the date of such surrender of a certificate or certificates for shares of this Series, accompanied by all instruments, amounts and notices above prescribed, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated as the record holder or holders of such Common Stock at such time for all purposes; provided, however, that any such surrender or any date when the stock transfer books of the Corporation are closed for any purpose shall not be effective to constitute the person or persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the person or persons in whose name or names the certificates for such shares of Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer books are open, and such conversion shall be at the Canadian Dollar Equivalent of the Conversion Price in effect at such time on such succeeding day.

(B) The shares of this Series shall be convertible into shares (calculated as to each conversion to the nearest 1/100th of a share) of Common Stock at the Canadian Dollar Equivalent of the Conversion Price, determined as hereinafter provided, in effect at the time of conversion.

For the purpose of such conversion, each share of this Series shall be taken at Cdn. \$146.625. The Conversion Price shall be initially U.S. \$14.00 per share of Common Stock, and the Canadian Dollar Equivalent of the Conversion Price on any particular day shall be the Conversion Price expressed in Canadian currency based on the noon buying rate on that day in The City of New York for cable transfers in United States dollars as certified for customs purposes by the Federal Reserve Bank of New York set forth as Canadian dollars per U.S. \$1.00.

The Conversion Price shall be adjusted from time to time as follows:

- (1) If the Corporation:
- (a) makes a distribution or pays a dividend on its Common Stock in shares of its Common Stock; or
 - (b) subdivides outstanding shares of Common Stock into a greater number of shares; or
 - (c) combines its outstanding shares of Common Stock into a smaller number of shares; or

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(d) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or

(e) issues by reclassification of its Common Stock any shares of its capital stock;

then the conversion privilege and the Conversion Price in effect immediately before such action shall be adjusted so that the holder of shares of this Series thereafter converted shall receive the number of shares of Common Stock or capital stock of the Corporation, as the case may be, which such holder would have owned immediately following such action if such holder had converted the shares of this Series immediately before the record date (or, if no record date, the effective date) for such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a holder of shares of this Series upon conversion thereof may receive shares of two or more classes of capital stock of the Corporation, the Board of Directors of the Corporation shall determine the allocation of the adjusted Conversion Price between the classes of capital stock. After such allocation, the conversion privilege and conversion price of each class of capital stock shall thereafter be subject to adjustment on terms comparable to those in this Paragraph (B).

(2) If the corporation distributes any rights or warrants to all holders of its Common Stock entitling them for a period expiring within 60 days after the record date mentioned below to purchase shares of Common Stock at a price per share less than the Current Market Price Per Share (as hereinafter defined) on that record date, the Conversion Price shall be adjusted in accordance with the formula:

$$C' = C \times \frac{O + \frac{N \times P}{M}}{O + N}$$

where:

C' = the adjusted Conversion Price.

C = the current Conversion Price.

O = the number of shares of Common Stock outstanding on the record date.

N = the number of additional shares of Common Stock offered.

P = the offering price per share of the additional shares.

M = the Current Market Price Per Share of Common Stock on the record date.

The adjustment shall be made successively whenever any such rights or warrants are issued and shall become effective immediately after the record date for the determination of stockholders entitled to receive the rights or warrants. If, at the end of the period during which such warrants or rights are exercisable, not all warrants or rights shall have been exercised, the Conversion Price shall be immediately readjusted to the Conversion Price which would then be in effect if the adjustment upon the issuance of such warrants or rights had been made on the basis of the number of shares of Common Stock actually issued rather than the number of shares offered.

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(3) If the Corporation distributes to all holders of its Common Stock any of its assets or debt securities or any rights or warrants to purchase securities of the Corporation, the Conversion Price shall be adjusted in accordance with the formula:

$$C = C_x \frac{M - F}{M}$$

where:

C = the adjusted Conversion Price.
 C = the current Conversion Price.
 M = the Current Market Price Per Share of Common Stock on the record date.
 F = the fair market value on the record date of the assets, securities, rights or warrants applicable to one share of Common Stock, as determined by the Board of Directors of the Corporation in good faith.

The adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive the distribution.

This Paragraph (B)(3) shall not apply to dividends or distributions paid in cash out of consolidated current or retained earnings as shown on the books of the Corporation or to rights or warrants referred to in Paragraph (B)(2) of this Section 8.

(4) In Paragraphs (B)(2) and (B)(3) of this Section 8, "Current Market Price Per Share" of Common Stock on any date means the average of the per share Closing Prices of the Common Stock during the period of 15 consecutive Trading Days ending with the day immediately preceding such date.

"Closing Price" of the Common Stock on any day means the reported last sales price regular way on such day on the New York Stock Exchange, or, if not reported for such Exchange, on the Composite Tape or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way on the New York Stock Exchange, or, if the Common Stock is not listed or admitted to trading on such exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or, if not listed or admitted to trading on any national securities exchange, on the National Association of Securities Dealers Automated Quotations National Market System or, if not quoted on such National Market System, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Corporation for that purpose, or if no such quotations are available, the fair market price as determined in good faith by the Board of Directors of the Corporation (whose determination shall be conclusive).

"Trading Day" means each Monday, Tuesday, Wednesday, Thursday or Friday, other than any day on which securities are generally not traded on the applicable securities exchange or in the applicable securities market.

(5) No adjustment of the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the

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Conversion Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Paragraph (b) shall be made to the nearest cent or to the nearest $1/100^{\text{th}}$ of a share, as the case may be.

(6) No adjustment need be made for a transaction referred to in Paragraph (B)(1), (B)(2) or (B)(3) of this Section 8 if holders of shares of this Series may participate in the transaction on a basis that the Board of Directors determines to be fair and appropriate in light of the basis on which holders of Common Stock participate in the transaction.

No adjustment need be made for sales of Common Stock pursuant to a plan for reinvestment of dividends or interest.

No adjustment need be made for a change in the par value of the Common Stock.

If the Shares of this Series become convertible solely into cash, no adjustment need be made thereafter. Interest shall not accrue in that case.

(7) If any capital reorganization or reclassification of the capital stock of the Corporation or merger of the Corporation with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected, then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby each holder of shares of this Series shall thereafter have the right to receive upon conversion of shares of this Series and upon the basis, terms and conditions specified herein and in lieu of the shares of the Common Stock of the Corporation immediately theretofore receivable upon conversion thereof, such shares of stock, securities or assets as such holder would have owned immediately after the consolidation, merger or transfer if such holder had converted the shares of this Series immediately before the effective date of the transaction, and in any such case appropriate provision shall be made with respect to the rights and interests of such holder to the end that the provisions hereof (including without limitation provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the conversion thereof. The Corporation shall not effect any such consolidation, merger or sale unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Corporation) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument the obligation to deliver to such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to receive.

(C) Whenever the Conversion Price shall be adjusted as herein provided, the Corporation shall forthwith file, at the office or agency maintained for the conversion of shares of this Series as hereinabove provided, a statement, signed by the Chairman of the Board, the President or any Vice President and by the Controller, an Assistant Controller, the Secretary or an Assistant Secretary of the Corporation, showing in detail the facts requiring such adjustment and the actual Conversion Price that shall be in effect after such adjustment. In the absence of manifest error, each such statement

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shall be conclusive evidence of the correctness of the amount of the adjustment specified therein. The Corporation shall also cause a notice setting forth any such adjustments to be sent by first-class mail, postage prepaid, to each holder of shares of this Series at such holder's address as it appears on the stock register of the Corporation. Such notice may be included as a part of a notice required to be mailed under the provisions of Paragraph (D) of this Section 8 under circumstances requiring notice pursuant to such Paragraph(D).

(D) If at any time:

(1) the Corporation declares any stock dividend upon its Common Stock or makes any distribution (other than cash dividends) to the holders of shares of Common Stock; or

(2) the Corporation authorizes the offer for subscription, pro rata to the holders of shares of Common Stock, of any additional shares of any class or any other rights; or

(3) the Corporation is a party to any transaction which is subject to the provisions of Paragraph (B)(7) of this Section 8; or

(4) there is a liquidation or dissolution of the Corporation;

then, and in any of said cases, the Corporation shall give notice, in the manner set forth in Paragraph (C) of this Section 8, which notice shall specify the action to be taken and the record date or the date as of which entitlement to any such dividend, distribution or offer is to be determined, or the effective date of any action of the types set forth in clause (3) or (4) above. Such notice shall be given at least 15 days prior to the record date, such date of entitlement or such effective date with respect thereto. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(E) Irrespective of any adjustment in the actual Conversion Price (or the number of shares of Common Stock into which each share of this Series is convertible), any shares of this Series theretofore or thereafter issued may continue to express the Conversion Price and conversion rate stated in the initially issued shares of this Series.

(F) The Corporation shall not be required to issue a fractional interest in a share of Common Stock or scrip upon conversion of shares of this Series. As to any fractional interest in a share of Common Stock which otherwise would be issuable in respect of the aggregate number of shares of this Series surrendered for conversion at any one time by the same holder, the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to the same fraction of the Closing Price of a share of Common Stock on the date on which such shares of this Series were duly surrendered for conversion, or, if such date is not a Trading Day, on the next Trading Day.

(G) The Corporation shall pay any and all taxes attributable to the issuance or delivery of Common Stock upon conversion of any shares of this Series pursuant hereto; provided, however, that the Corporation shall not be required to pay any

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tax or taxes which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that in which shares of this Series so converted were registered, and no such issue or delivery shall be made unless and until the person requesting the same shall have paid to the Corporation the amount of any such tax, or shall have established, to the satisfaction of the Corporation, that such tax has been paid.

(H) The Corporation shall at all times reserve and keep available, free from preemptive rights, out of its treasury stock or authorized and unissued Common Stock, or both, solely for the purpose of effecting the conversion of shares of this Series, such full number of shares of Common Stock as shall then be sufficient to effect the conversion of all shares of this Series then outstanding.

(I) The Corporation may make such reductions in the Conversion Price, in addition to those required by Paragraph (B) of this Section 8, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients or, if that is not possible, to diminish any income taxes that are otherwise payable because of such event.

Section 9. Shares to be Retired. All shares of this Series purchased, redeemed or otherwise acquired by the Corporation (but not shares held by it for the account or benefit of the owner of such shares) shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of this Series.

Section 10. Voting.

(A) The holders of shares of this Series shall have no voting rights except as otherwise set forth herein or as otherwise provided by law or elsewhere in the Restated Certificate of Incorporation of the Corporation, as amended.

(B) For as long as any shares of this Series remain outstanding, the affirmative vote or consent of the holders of at least 66-2/3% of the shares thereof actually voting (voting separately as a class) in person or by proxy at any annual meeting or special meeting of the shareholders called for such purpose, or by written consent, shall be necessary to amend, alter or repeal any of the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which would adversely affect the powers, preferences or rights of the holders of the shares of this Series then outstanding or reduce the minimum time required for any notice to which holders of shares of this Series then outstanding may be entitled; provided, however, that any such amendment, alteration or repeal that would authorize, create or increase the authorized amount of any additional shares of Common Stock or any other capital stock of the Corporation ranking junior to the shares of this Series as to the payment of dividends and the distribution of assets upon liquidation (the "Junior Stock") or of any preferred stock issued by the Corporation that by its terms ranks on a parity with the shares of this Series (the "Parity Stock") (whether or not already authorized) shall not be deemed to affect adversely such powers, preferences or rights and shall not be subject to approval by the holders of shares of this Series; and provided further that this clause shall not be applicable to the amendment, alteration or repeal of any provisions of the Restated Certificate of Incorporation of the Corporation, as amended, prior to the issuance of any shares of this Series.

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There is no limitation on the issuance by the Corporation of Junior Stock or Parity Stock.

Notwithstanding the provisions set forth in the first paragraph of this subsection (B), however, no such approval described therein of the holders of the shares of this Series shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when such consolidation or merger is to take effect, as the case may be, provision is made for the redemption of all shares of this Series at the time outstanding.

Section 11. Rank. The shares of this Series shall rank on a parity, as to both dividends and liquidation rights, with each other series of Preferred Stock, except to the extent that the resolution of the Board of Directors creating such other series shall expressly provide otherwise.

Section 12. Restriction on Transfer.

(A) No sale, transfer or other disposition of any share or shares of this Series shall be valid or effectual for any purpose whatsoever, and the Corporation shall not be obligated to recognize or give any effect to any purported such sale, transfer, or other disposition, other than a sale, transfer or disposition to a Subsidiary or Affiliate (as such terms are defined in the Corporation's Restated Certificate of Incorporation) of Hollinger Inc. unless and until the Corporation, by resolution duly adopted by its Board of Directors, shall have consented to the proposed transfer and approved the proposed transferee.

(B) Notwithstanding anything to the contrary set forth herein, any holder of shares of this Series may pledge such shares to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness or other obligations due to the pledgee, provided, that such shares shall remain subject to the provisions of this Section 12. Any such pledged shares of this Series that shall become subject to any foreclosure, realization or other similar action by the Pledgee may be transferred only in accordance with the provisions of Paragraph (A) of this Section 12.

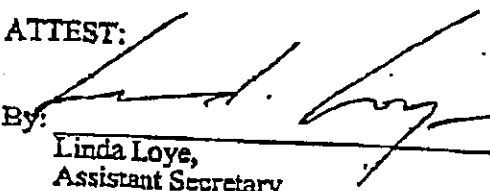
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IN WITNESS WHEREOF, Hollinger International Inc. has caused this
Certificate of Designation of Series E Redeemable Convertible Preferred Stock to be
signed and attested this 5th day of May, 1999.

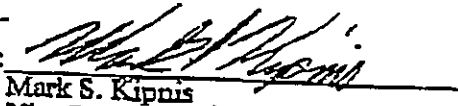
ATTEST:

By:


Linda Loye,
Assistant Secretary

HOLLINGER INTERNATIONAL INC.

By:


Mark S. Kipnis
Vice President-Law and Secretary

FROM CRAVATH SWAINE & MOORE

(MON) 5.17'99 15:50/ST. 15:47/NO. 4861019525 P 3

**CERTIFICATE OF ELIMINATION OF
THE SERIES D REDEEMABLE CONVERTIBLE PREFERRED STOCK OF
HOLLINGER INTERNATIONAL INC.**

Pursuant to Section 151(g)
of the General Corporation Law
of the State of Delaware

Hollinger International Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. That, pursuant to Section 151 of the General Corporation Law of the State of Delaware and authority granted in the Certificate of Incorporation of the Company, as theretofore amended, the Board of Directors of the Company, by resolution duly adopted, authorized the issuance of a series of 739,500 shares of Series D Redeemable Convertible Preferred Stock, par value \$0.01 per share (the "Series D Preferred Stock"), and established the voting powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof, and, on August 5, 1997, filed a Certificate of Designation with respect to such Series D Preferred Stock in the office of the Secretary of State of the State of Delaware.

2. That no shares of said Series D Preferred Stock are outstanding and no shares thereof will be issued subject to said Certificate of Designation.

3. That the Board of Directors of the Company has adopted the following resolutions:

RESOLVED, that, after the exchange of the Series E Preferred Stock for the Series D Preferred Stock, all matters set forth in the Certificate of Designation with respect to such Series D Preferred Stock be eliminated from the Certificate of Incorporation, as heretofore amended, of the Company; and it is further

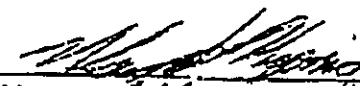
RESOLVED, that the officers of the Company be, and hereby are, authorized and directed to file a Certificate with the office of the Secretary of State of the State of Delaware setting forth a copy of these resolutions whereupon all matters set forth in the Certificate of Designation with respect to such Series D Preferred Stock shall be eliminated from the Certificate of Incorporation, as heretofore amended, of the Company.

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:30 PM 05/17/1999
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4. That, accordingly, all matters set forth in the Certificate of Designation with respect to such Series D Preferred Stock be, and hereby are, eliminated from the Certificate of Incorporation, as heretofore amended, of the Company.

IN WITNESS WHEREOF, Hollinger International Inc. has caused this Certificate to be signed by Mark S. Kipnis, its Vice President—Law and Secretary, as of this 18th day of May, 1999.

HOLLINGER INTERNATIONAL INC.

By: 

Name:

MARK S. KIPNIS

Office:

VP

4

STATE OF DELAWARE
SECRETARY OF STATE 18:07
DIVISION OF CORPORATIONS
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CT CORPORATION

13127500660 P.03/03

CERTIFICATE OF CHANGE OF REGISTERED AGENT
AND
REGISTERED OFFICE

Hollinger International Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

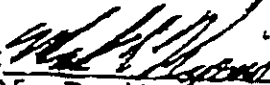
The present registered agent of the corporation is Corporation Service Company and the present registered office of the corporation is in the county of *New Castle* 1013 Centre Road, Wilmington, DE 19805.

The Executive Committee of the Board of Directors of Hollinger International Inc. adopted the following resolution on the 5th day of June, 2000:

RESOLVED, that the registered office of the Company, Corporation Service Company, in the state of Delaware, be and it hereby is, changed to Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, and the authorization of the present registered agent of this corporation be and the same is hereby withdrawn, and THE CORPORATION TRUST COMPANY, shall be and is hereby constituted and appointed the registered agent of this corporation at the address of its registered office.

IN WITNESS WHEREOF, the undersigned corporation has caused this statement to be signed by Mark S. Kipnis, its Vice President *, this 5th day of June, 2000.

HOLLINGER INTERNATIONAL INC.

By: 
Its Vice President

*Any authorized officer or the chairman or Vice-Chairman of the Board of Directors may execute this certificate.

EXHIBIT “F”

HOLLINGER INC.
120 Adelaide Street West, Suite 512
Toronto, Ontario
Canada M5H 1T1

July 31, 2007

VIA FAX AND HAND DELIVERY

Mr. James D. McDonough
Vice President, General Counsel and Secretary
Sun-Times Media Group, Inc.
350 North Orleans Street, 10-S
Chicago, Illinois 60654

Dear Sir:

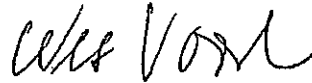
This letter is being furnished to Sun-Times Media Group, Inc. (the "Corporation") to provide notice of certain corporate actions taken with the requisite consent of the Corporation's stockholders.

Pursuant to Article I, Section 1.11 of the By-Laws of the Corporation, I have enclosed a written consent adopted by holders of issued and outstanding common shares of the Corporation representing a majority in voting interest.

Sincerely,

HOLLINGER INC.

By:



G. Wesley Voorheis
Chief Executive Officer

Enclosure

cc: Sun-Times Media Group, Inc. (via hand delivery)
c/o Corporation Services Company
2711 Centerville Road, Suite 400
Wilmington, Delaware 19808

SUN-TIMES MEDIA GROUP, INC.

STOCKHOLDER WRITTEN CONSENT IN LIEU OF MEETING

The undersigned, being the holders of common shares of Sun-Times Media Group, Inc. (the "Corporation"), a Delaware corporation, representing a majority in voting interest, do hereby consent, in accordance with Section 228(a) of the Delaware General Corporation Law and Article I, Section 1.11 of the By-Laws of the Corporation, as to all shares of Class A Common Stock and Class B Common Stock of the Corporation owned by them, to the adoption of the following resolutions as of July 31, 2007 with the same force and effect as if such resolutions had been duly adopted at a meeting, and hereby waive all notice of a meeting and the holding of any meeting to act upon such resolutions and direct that this written consent be inserted in the minute books of the Corporation:

Amendment to By-Laws

RESOLVED, that the By-Laws of the Corporation be amended by restating Article II, Section 2.2 thereof in its entirety so that, as amended, said Article II, Section 2.2 shall read as follows:

"Section 2.2. Number. Except as otherwise provided in the Certificate of Incorporation, the Board of Directors shall consist of eleven members. Directors need not be stockholders of the Corporation."

RESOLVED, that the By-Laws of the Corporation be amended by restating the fifth sentence of Article II, Section 2.3 thereof in its entirety so that, as amended, said fifth sentence of Article II, Section 2.3 shall read as follows:

"Any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled by the holders of outstanding shares of stock having a majority in voting interest then entitled to vote or a majority of the remaining members of the Board of Directors then in office, even if such majority is less than a quorum and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced or until his successor is elected and qualified or until his earlier resignation or removal."

RESOLVED, that the By-Laws of the Corporation be amended by restating the seventh sentence of Article II, Section 2.3 thereof in its entirety so that, as amended, said seventh sentence of Article II, Section 2.3 shall read as follows:

"When one or more directors shall resign from the Board of Directors, effective as of a future date, the holders of outstanding shares of stock having a majority in voting interest then entitled to vote or a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office until the expiration of the term of office of the director whom he has replaced or until his successor is elected and qualified or until his earlier resignation or removal."

Removal of Directors

RESOLVED, that, pursuant to Article II, Section 2.3 of the By-Laws of the Corporation, each of the following persons are hereby removed from the position of director of the Corporation effective immediately:

John F. Bard
John M. O'Brien
Raymond S. Troubh

Appointment of Directors

RESOLVED, that each of the following persons are hereby elected director of the Corporation, effective immediately, to hold such position in accordance with the By-Laws of the Corporation, until his respective successor is duly appointed and qualified:

William E. Aziz
Brent D. Baird
Albrecht Bellstedt
Peter Dey
Edward C. Hannah
G. Wesley Voorheis

Further Acts

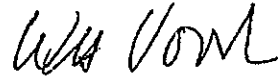
RESOLVED, that the directors and officers of the Corporation be, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation, to take such additional actions and to execute and deliver such additional agreements, documents and instruments as any of them may deem necessary or appropriate to implement the provisions of the foregoing resolutions, the authority for the taking of such additional actions and the execution and delivery of such agreements, documents and instruments to be conclusively evidenced thereby.

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IN WITNESS WHEREOF, the undersigned have executed this Written Consent as of the
31st day of July, 2007.

HOLLINGER INC.

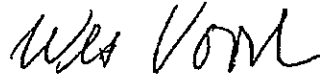
By:



G. Wesley Voorheis
Chief Executive Officer

4322525 CANADA INC. (FORMERLY
KNOWN AS 504468 N.B. INC.)

By:



G. Wesley Voorheis
Authorized Representative

EXHIBIT “I”

EXECUTION COPY

SECURITY AGREEMENT

Dated March 10, 2003

From

The Grantors referred to herein

as Grantors

to

WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION

as Trustee and Collateral Agent,

and the other Secured Parties referred to herein

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- Schedule II - Pledged Equity and Pledged Debt
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Exhibits

- Exhibit A - Form of Security Agreement Supplement
- Exhibit B - Form of Account Control Agreement
- Exhibit C-1 - Form of Consent and Agreement of Hollinger International Inc.
- Exhibit C-2 - Form of Consent and Agreement of Hollinger Canadian Publishing Co.
- Exhibit C-3 - Form of Consent and Agreement of RMI

SECURITY AGREEMENT

SECURITY AGREEMENT dated March 10, 2003 made by HOLLINGER INC., a Canadian corporation (the "*Company*"), RAVELSTON MANAGEMENT INC., an Ontario corporation ("*RMI*"), and 504468 N.B. INC., a New Brunswick corporation ("*NBI*"), and the Additional Grantors (as defined in Section 19) (the Company, RMI, NBI, and the Additional Grantors being, collectively, the "*Grantors*"), to WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee and Collateral Agent under the Indenture (as hereinafter defined) (in such capacity, together with any successor appointed pursuant to the Indenture, the "*Collateral Agent*") for itself, each of the Holders (as defined in the Indenture), and each other secured party specified in any of the other Note Documents (as hereinafter defined) (collectively, the "*Secured Parties*").

PRELIMINARY STATEMENTS.

(1) The Company, as issuer, and RMI and NBI, as guarantors, have entered into an Indenture dated as of March 10, 2003 (said Agreement, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the "*Indenture*") with The Ravelston Corporation Limited, Sugra Limited and the Collateral Agent.

(2) The Grantors are entering into this Agreement in order to grant to the Collateral Agent for the ratable benefit of itself and the other Secured Parties a security interest in the Collateral (as hereinafter defined).

(3) Each of the Company and NBI is the owner of the shares of stock or other equity interests (the "*Initial Pledged Equity*") set forth on and described in Schedule II hereto and issued by the Persons named therein.

(4) The Company is a party to the Support Agreement (as defined in the Indenture).

(5) RMI is a party to the Services Agreements (as defined in the Indenture) (the Services Agreements and the Support Agreement hereinafter referred to as the "*Initial Assigned Agreements*").

(6) The Grantors shall, from time to time, maintain one or more collateral accounts (collectively, the "*Collateral Accounts*") to be used to deposit the Cash Collateralized Note Amount (as defined in the Indenture), in the form of funds or financial assets, in the event that any portion of the Pledged Equity (as hereinafter defined) is released pursuant to and in accordance with the provisions of Section 14.04(a)(v) of the Indenture, with respect to which accounts any Grantor may, from time to time, have security entitlements (the "*Pledged Security Entitlements*") with respect to all the financial assets (the "*Pledged Financial Assets*") credited from time to time to such accounts, and which accounts shall be maintained with or under the sole control and dominion of the Collateral Agent and subject to the terms of this Agreement.

(7) It is a condition precedent to the purchase of the Notes (as defined in the Indenture) by the Holders and the performance by the Secured Parties of their respective obligations under this Agreement, the Indenture, the Notes, the Intercreditor Agreement, the

other Security Documents or any other document or agreement related thereto or delivered in connection therewith (collectively, the "*Note Documents*") that the Grantors shall have granted the assignment and security interest and made the pledge and assignment contemplated by this Agreement.

(8) Each Grantor will derive substantial direct and indirect benefit from the transactions contemplated by the Note Documents.

(9) Terms defined in the Note Documents and not otherwise defined in this Agreement are used in this Agreement as defined in the Note Documents. Further, unless otherwise defined in this Agreement or the other Note Documents, terms defined in Article 8 or 9 of the UCC (as defined below) and/or in the Federal Book Entry Regulations (as defined below) are used in this Agreement as such terms are defined in such Article 8 or 9 and/or the Federal Book Entry Regulations. "*UCC*" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; *provided* that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "*UCC*" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority. The term "*Federal Book Entry Regulations*" means (a) the federal regulations contained in Subpart B ("*Treasury/Reserve Automated Debt Entry System (TRADES)*") governing book-entry securities consisting of U.S. Treasury bonds, notes and bills and Subpart D ("*Additional Provisions*") of 31 C.F.R. Part 357, 31 C.F.R. § 357.2, § 357.10 through § 357.14 and § 357.41 through § 357.44 and (b) to the extent substantially identical to the federal regulations referred to in clause (a) above (as in effect from time to time), the federal regulations governing other book-entry securities. The term "*PPSA(ON)*" shall mean the Personal Property Security Act (Ontario) (or any successor statute) and the term "*PPSA(NB)*" shall mean the Personal Property Security Act (New Brunswick) (or any successor statute).

NOW, THEREFORE, in consideration of the premises and in order to induce the Holders to purchase the Notes, and each Secured Party to perform their respective obligations under the Note Documents, each Grantor hereby agrees with the Collateral Agent and the other Secured Parties as follows:

Section 1. Grant of Security. Each Grantor hereby grants, assigns and transfers to the Collateral Agent and the other Secured Parties, a security interest in, such Grantor's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by such Grantor, wherever located, and whether now or hereafter existing or arising (collectively, the "*Collateral*"):

(a) the following (the "*Security Collateral*"):

(i) the Initial Pledged Equity and the certificates, if any, representing the Initial Pledged Equity, and all dividends, distributions, return of capital, cash, instruments and other property (including, without limitation, equity interests of any class and certificates representing the same) from time to time received,

receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Equity and all subscription warrants, rights or options issued thereon or with respect thereto (the Initial Pledged Equity, together with all other shares and other equity interests described in this clause (i) being collectively the "*Pledged Equity*");

(ii) all Pledged Security Entitlements with respect to all Pledged Financial Assets from time to time credited to any Collateral Account, and all Pledged Financial Assets, and all dividends, distributions, return of capital, interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Security Entitlements or such Pledged Financial Assets and all subscription warrants, rights or options issued thereon or with respect thereto;

(b) each of the agreements listed on Schedule III hereto, to which such Grantor is now a party, in each case as such agreements may be amended, amended and restated, supplemented or otherwise modified from time to time (collectively, the "*Assigned Agreements*"), including, without limitation, (i) all rights of such Grantor to receive moneys due and to become due under or pursuant to the Assigned Agreements, (ii) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) claims of such Grantor for damages arising out of or for breach of or default under the Assigned Agreements and (iv) the right of such Grantor to terminate the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder (all such Collateral being the "*Agreement Collateral*");

(c) all accounts (including, without limitation, health-care-insurance receivables), chattel paper (including, without limitation, tangible chattel paper and electronic chattel paper), general intangibles (including, without limitation, payment intangibles) and other obligations of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services and whether or not earned by performance, generated from any of the Assigned Agreements (any and all of such accounts, chattel paper, general intangibles and other obligations, to the extent not referred to in clause (a) or (b) above, or clause (d) below, being the "*Receivables*");

(d) the following (collectively, the "*Account Collateral*");

(i) the Collateral Accounts, and all funds and financial assets from time to time credited thereto (including, without limitation, (A) readily marketable direct obligations of the government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the government of the United States, (B) insured certificates of deposit, guaranteed investment certificates or time deposits with any commercial bank that is a Lender Party or member of the Federal Reserve System, issues (or the parent of which issues) commercial paper rated as described in clause (C) below, is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least \$1 billion or (C) commercial paper in

an aggregate amount of no more than \$1,000,000 per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's, a division of The McGraw Hill Companies, Inc. (collectively, "*Cash Equivalents*")), all interest, dividends, distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such funds and financial assets, and all certificates and instruments, if any, from time to time representing or evidencing the Collateral Accounts; and

(ii) all promissory notes, certificates of deposit, deposit accounts, checks and other instruments from time to time delivered to or otherwise possessed by the Collateral Agent for or on behalf of such Grantor, including, without limitation, those delivered or possessed in substitution for or in addition to any or all of the then existing Account Collateral; and

(iii) all interest, dividends, distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Account Collateral; and

(e) all books and records (including, without limitation, customer lists, credit files, printouts and other computer output materials and records) of such Grantor pertaining to any of the Collateral; and

(f) all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and supporting obligations relating to, any and all of the Collateral (including, without limitation, proceeds, collateral and supporting obligations that constitute property of the types described in clauses (a) through (e) of this Section 1 and this clause (f)) and, to the extent not otherwise included, all (A) payments under insurance (whether or not the Collateral Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, and (B) cash.

Section 2. Security for Obligations. This Agreement secures, in the case of each Grantor, the payment of all obligations of such Grantor now or hereafter existing under the Note Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such obligations being the "*Secured Obligations*"). Without limiting the generality of the foregoing, this Agreement secures, as to each Grantor, the payment of all amounts that constitute part of the Secured Obligations and would be owed by such Grantor, whether incurred alone or with another or others and whether as principal, guarantor or surety, to any Secured Party under the Note Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Grantor.

Section 3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under the contracts and agreements included in such Grantor's Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent or any other Secured Party of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any other Note Document, nor shall the Collateral Agent or any other Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Furthermore, the Collateral Agent shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with the Collateral, shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Collateral Agent, the Grantor or any other person, firm or corporation in respect of the Collateral and shall not be liable or responsible for any loss, cost or damage whatsoever which may arise in respect of any such failure including, without limitation, resulting from the negligence of the Collateral Agent or any of its officers, servants, agents, solicitors, attorneys, Receivers (as hereinafter defined) or otherwise. Neither the Collateral Agent nor its officers, servants, agents or Receivers shall be liable by reason of any entry into possession of the Collateral or any part thereof, to account as a mortgagee in possession, for anything except actual receipts, for any loss on realization, for any act or omission for which a mortgagee in possession might be liable for any loss, cost, damage or expense whatsoever which may arise in respect of any such actions, omissions or negligence.

Section 4. Delivery and Control of Security Collateral. (a) All certificates or instruments representing or evidencing Security Collateral shall be delivered to and held by or on behalf of the Collateral Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Collateral Agent. The Collateral Agent shall have the right, at any time in its discretion and with notice to each Grantor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Security Collateral, subject only to the revocable rights specified in Section 11(a), provided, however, that in the case of Security Collateral consisting of Class B Shares of Hollinger International Inc., such rights to register Security Collateral in the name of the Collateral Agent or any of its nominees shall only be exercised only after the occurrence and during the continuance of an Event of Default. In addition, the Collateral Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Security Collateral for certificates or instruments of smaller or larger denominations. Also, the Collateral Agent shall have the right at any time to convert Security Collateral consisting of financial assets credited to the Collateral Account to Security Collateral consisting of financial assets held directly by the Collateral Agent, and to convert Security Collateral consisting of financial assets held directly by the Collateral Agent, to Security Collateral consisting of financial assets credited to the Collateral Accounts.

(b) With respect to any Security Collateral in which any Grantor has any right, title or interest and that constitutes an uncertificated security, such Grantor will cause the issuer

thereof either (i) to register the Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with such Grantor and the Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Collateral Agent without further consent of such Grantor, such authenticated record to be in form and substance satisfactory to the Collateral Agent. With respect to any Security Collateral in which any Grantor has any right, title or interest and that is not an uncertificated security, upon the request of the Collateral Agent, such Grantor will notify each such issuer of Pledged Equity that such Pledged Equity is subject to the security interest granted hereunder.

(c) With respect to any Security Collateral in which any Grantor has any right, title or interest and that constitutes a security entitlement in which the Collateral Agent is not the entitlement holder, such Grantor will cause the securities intermediary with respect to such security entitlement either (i) to identify in its records the Collateral Agent as the entitlement holder of such security entitlement against such securities intermediary or (ii) to agree in an authenticated record with such Grantor and the Collateral Agent that such securities intermediary will comply with entitlement orders (that is, notifications communicated to such securities intermediary directing transfer or redemption of the financial asset to which such Grantor has a security entitlement) originated by the Collateral Agent without further consent of such Grantor, such authenticated record to be in substantially the form of Exhibit B hereto or otherwise in form and substance satisfactory to the Collateral Agent (such agreement being an "*Account Control Agreement*").

(d) No Grantor will change or add any securities intermediary that maintains any securities account in which any of the Collateral is credited or carried, or change or add any such securities account, in each case without first complying with the above provisions of this Section 4 in order to perfect the security interest granted hereunder in such Collateral.

(e) Not later than 10 business days after the date hereof, each Grantor with respect to Security Collateral shall (i) take and complete any and all action necessary in order to ensure that all beneficial and registered ownership interests in each item of Security Collateral are held by a single Grantor, rather than being divided among multiple Grantors; (ii) provide the Collateral Agent and/or any other Secured Party requesting the same with evidence satisfactory to the Collateral Agent and/or such other Secured Party that all such action described in clause (i) above has been taken; and (iii) deliver to or in accordance with the instructions of the Collateral Agent original stock certificates and stock powers originally executed in blank, all in form and substance satisfactory to the Collateral Agent, reflecting any changes in ownership with respect to any Security Collateral resulting from the actions described in clause (i) above.

Section 5. Maintaining the Account Collateral. So long as any Secured Obligations remain outstanding:

(a) Each Grantor will maintain all Account Collateral only with the Collateral Agent or with banks (the "*Pledged Account Banks*") that have agreed, in an Account Control Agreement authenticated by the Grantor, the Collateral Agent and the Pledged Account Banks, to (i) comply with instructions originated by the Collateral Agent directing the disposition of funds in the Account Collateral without the further consent of the Grantor and (ii) waive or subordinate in favor of the Collateral Agent all claims of the

Pledged Account Banks (including, without limitation, claims by way of a security interest, lien or right of setoff or right of recoupment) to the Account Collateral, which authenticated record shall be substantially in the form of Exhibit B hereto, or shall otherwise be in form and substance satisfactory to the Collateral Agent.

(b) Each Grantor agrees that it will not terminate any bank as a Pledged Account Bank or terminate any Account Collateral.

(c) The Collateral Agent shall have sole right to direct the disposition of funds with respect to the Collateral Accounts, and it shall be a term and condition of the Collateral Accounts, notwithstanding any term or condition to the contrary in any other agreement relating to the Collateral Accounts, that no amount (including, without limitation, interest on Cash Equivalents credited thereto) will be paid or released to or for the account of, or withdrawn by or for the account of, any Grantor or any other Person from the Collateral Accounts.

(d) The Collateral Agent may, at any time and without notice to, or consent from, the Grantor, transfer, or direct the transfer of, funds from the Account Collateral to satisfy the Grantor's obligations under the Note Documents if an Event of Default shall have occurred and be continuing.

Section 6. Investing of Amounts in the Collateral Accounts. The Collateral Agent will, subject to the provisions of Sections 5, 17 and 22, from time to time (a) invest, or direct the applicable Pledged Account Bank to invest, amounts received with respect to the Collateral Accounts in such Cash Equivalents credited to (A) the Collateral Accounts or (B) in the case of Cash Equivalents consisting of Securities Collateral, a securities account in which the Collateral Agent is the securities intermediary or a securities account subject to an Account Control Agreement, and (b) invest interest paid on the Cash Equivalents referred to in clause (a) above, and reinvest other proceeds of any such Cash Equivalents that may mature or be sold, in each case in such Cash Equivalents credited in the same manner. Interest and proceeds that are not invested or reinvested in Cash Equivalents as provided above shall be deposited and held in the Collateral Accounts; and the Collateral Agent and other Secured Parties shall not be liable for any losses resulting from such investments. In addition, the Collateral Agent shall have the right at any time to exchange, or direct the applicable Pledged Account Bank to exchange, such Cash Equivalents for similar Cash Equivalents of smaller or larger determinations, or for other Cash Equivalents, credited to the Collateral Accounts.

Section 7. Maintaining Electronic Chattel Paper and Transferable Records. So long as any Secured Obligation of any Grantor under any Note Document shall remain unpaid each Grantor will maintain all (i) electronic chattel paper so that the Collateral Agent has control of the electronic chattel paper in the manner specified in Section 9-105 of the UCC or pursuant to similar laws in Canada, as applicable, and (ii) all transferable records so that the Collateral Agent has control of the transferable records in the manner specified in Section 16 of the Uniform Electronic Transactions Act, as in effect in the jurisdiction governing such transferable record ("*UETA*") or pursuant to similar laws in Canada, as applicable.

Section 8. Representations and Warranties. Each Grantor (and, in the case of clause (i), The Ravelston Corporation Limited ("RCL")) represents and warrants as follows:

(a) Such Grantor's exact legal name, as defined in Section 9-503(a) of the UCC, and as evidenced pursuant to its Articles of Incorporation/Amalgamation in the jurisdiction of incorporation, is correctly set forth in Schedule I hereto. Such Grantor has only the trade names listed on Schedule IV hereto. Such Grantor is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office and the office in which it maintains the original copies of each Assigned Agreement to which such Grantor is a party and all originals of all chattel paper that evidence Receivables of such Grantor, in the state or provincial jurisdiction set forth in Schedule I hereto. The information set forth in Schedule I hereto with respect to such Grantor is true and accurate in all respects. Such Grantor has not, within five years prior to the date hereof, previously changed its name, location, chief executive office, place where it maintains its agreements, type of organization, jurisdiction of organization or organizational identification number from those set forth in Schedule I hereto except as disclosed in Schedule IV hereto.

(b) All Security Collateral consisting of certificated securities and instruments have been delivered to the Collateral Agent. Original or certified copies of each Assigned Agreement and all originals of all chattel paper that evidence Receivables have been delivered to the Collateral Agent. None of the Receivables or Agreement Collateral is evidenced by a promissory note or other instrument that has not been delivered to the Collateral Agent.

(c) Such Grantor is the legal and beneficial owner of the Collateral of such Grantor free and clear of any Lien, claim, option or right of others, except for the security interest created under this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral or listing such Grantor or any trade name of such Grantor as debtor is on file in any recording office, except such as may have been filed in favor of the Collateral Agent relating to the Note Documents.

(d) The Pledged Equity pledged by such Grantor hereunder has been duly authorized and validly issued and is fully paid and non-assessable. With respect to the Pledged Equity that is an uncertificated security, such Grantor has caused the issuer thereof either (i) to register the Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with such Grantor and the Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Collateral Agent without further consent of such Grantor. If such Grantor is an issuer of Pledged Equity, such Grantor confirms that it has received notice of such security interest.

(e) The Initial Pledged Equity pledged by such Grantor constitutes the percentage of the issued and outstanding equity interests of the issuers thereof indicated on Schedule II hereto.

(f) The Assigned Agreements to which such Grantor is a party, true and complete copies of which have been furnished to the Collateral Agent, have been duly authorized, executed and delivered by all parties thereto, have not been amended, amended and restated, supplemented or otherwise modified, except as described on Schedule III hereto, are in full force and effect and are binding upon and enforceable against all parties thereto in accordance with their terms. There exists no default under any Assigned Agreement to which such Grantor is a party by any party thereto. Each party to the Assigned Agreements listed on Schedule III hereto to which such Grantor is a party other than the Grantors has executed and delivered to such Grantor a consent, in substantially the form of Exhibit C-1, C-2 or C-3 hereto, as applicable, or otherwise in form and substance satisfactory to the Collateral Agent, to the assignment of the Agreement Collateral to the Collateral Agent pursuant to this Agreement.

(g) All filings and other actions (including, without limitation, actions necessary to obtain control of Collateral as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC, in Section 16 of the UETA, in the PPSA(ON) and in the PPSA (NB)) necessary to perfect the security interest in the Collateral of such Grantor created under this Agreement have been duly made or taken and are in full force and effect, and this Agreement creates in favor of the Collateral Agent for the benefit of itself and the other Secured Parties a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral of such Grantor, securing the payment of the Secured Obligations.

(h) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by such Grantor of the security interest granted hereunder or for the execution, delivery or performance of this Agreement by such Grantor, (ii) the perfection or maintenance of the security interest created hereunder (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the UCC, the PPSA(ON) and the PPSA(NB), which financing statements have been duly filed and are in full force and effect, and the actions described in Section 4 with respect to Security Collateral, which actions have been taken and are in full force and effect, or (iii) the exercise by the Collateral Agent of its voting or other rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with the disposition of any portion of the Security Collateral by laws affecting the offering and sale of securities generally.

(i) RCL hereby represents and warrants that each of the Transfer and Consent Agreements, by which RCL transferred its interests in any Assigned Agreements to RMI, were duly authorized and validly executed by RCL, and are valid, binding and enforceable against all parties thereto.

Section 9. Further Assurances. (a) Each Grantor agrees that from time to time, at the expense of such Grantor, such Grantor will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be necessary or desirable, or that the Collateral Agent may request, in order to perfect and protect

any pledge or security interest granted or purported to be granted by such Grantor hereunder or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of such Grantor. Without limiting the generality of the foregoing, each Grantor will promptly with respect to Collateral of such Grantor: (i) at the request of the Collateral Agent, mark conspicuously each chattel paper included in Receivables, each Assigned Agreement and, at the request of the Collateral Agent, each of its records pertaining to such Collateral with a legend, in form and substance satisfactory to the Collateral Agent, indicating that such chattel paper, Assigned Agreement or Collateral is subject to the security interest granted hereby; (ii) if any such Collateral shall be evidenced by a promissory note or other instrument or chattel paper, deliver and pledge to the Collateral Agent hereunder such note or instrument or chattel paper duly indorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Collateral Agent; (iii) execute or authenticate and file such financing, financing change or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Collateral Agent may request, in order to perfect and preserve the security interest granted or purported to be granted by such Grantor hereunder; (iv) deliver and pledge to the Collateral Agent for benefit of itself and the other Secured Parties certificates representing Security Collateral that constitutes certificated securities, accompanied by undated stock or bond powers executed in blank; (v) take all action necessary to ensure that the Collateral Agent has control of Collateral consisting of deposit accounts, electronic chattel paper, investment property, and transferable records as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC, in Section 16 of UETA, in the PPSA (ON) and in the PPSA(NB); (vi) at the request of the Collateral Agent, take all action to ensure that the Collateral Agent's security interest is noted on any certificate of ownership related to any Collateral evidenced by a certificate of ownership; and (vii) deliver to the Collateral Agent evidence that all other action that the Collateral Agent may deem reasonably necessary or desirable in order to perfect and protect the security interest created by such Grantor under this Agreement has been taken. From time to time upon request by the Collateral Agent, each Grantor will, at such Grantor's expense, cause to be delivered to the Collateral Agent, for the benefit of the Secured Parties, an Opinion of Independent Counsel, from outside counsel reasonably satisfactory to the Collateral Agent, as to such matters relating to the transactions contemplated hereby as the Collateral Agent may reasonably request.

(b) Each Grantor hereby authorizes the Collateral Agent to file one or more financing, financing change or continuation statements, and amendments thereto, including, without limitation, one or more financing statements indicating that such financing statements cover all assets or all personal property (or words of similar effect) of such Grantor, in each case without the signature of such Grantor, and regardless of whether any particular asset described in such financing statements falls within the scope of the UCC, PPSA(ON) or PPSA(NB) or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Each Grantor ratifies its authorization for the Collateral Agent to have filed such financing statements, continuation statements, financing change statements or amendments filed prior to the date hereof.

(c) Each Grantor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral of such Grantor and such other

reports in connection with such Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(d) The Company will furnish to the Collateral Agent, at any time upon the reasonable request of the Collateral Agent, an opinion of counsel, from outside counsel reasonably satisfactory to the Collateral Agent, to the effect that all financing, financing change or continuation statements have been filed, and all other action has been taken (including, without limitation, action necessary to (i) give the Collateral Agent control over the Collateral as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC, in Section 16 of UETA, in the PPSA(ON) and in the PPSA(NB) and (ii) cause the security interest in any Collateral evidenced by a certificate of ownership to be noted on such certificate of ownership) to perfect continuously from the date hereof the security interest granted hereunder.

Section 10. Post-Closing Changes; Bailees; Collections on Assigned Agreements, Receivables and Related Contracts. (a) No Grantor will change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in Section 8(a) of this Agreement without first giving at least 30 days' prior written notice to the Collateral Agent and taking all action required by the Collateral Agent for the purpose of perfecting or protecting the security interest granted by this Agreement. No Grantor will change the place where it keeps the originals of the Assigned Agreements to which such Grantor is a party and all originals of all chattel paper that evidence Receivables of such Grantor from the locations therefor specified in Sections 8(a) and 8(b) without first giving the Collateral Agent 30 days' prior written notice of such change. No Grantor will become bound by a security agreement authenticated by another Person which by its terms may pertain to the Collateral (including, without limitation, a security agreement authenticated as provided in Section 9-203(d) of the UCC) without giving the Collateral Agent 30 days' prior written notice thereof and taking all action required by the Collateral Agent to ensure that the perfection and first priority nature of the Collateral Agent's security interest in the Collateral will be maintained. Each Grantor will hold and preserve its records relating to the Collateral, including, without limitation, the Assigned Agreements, and will permit representatives of the Collateral Agent at any time during normal business hours to inspect and make abstracts from such records and other documents. If the Grantor does not have an organizational identification number and later obtains one, it will forthwith notify the Collateral Agent of such organizational identification number.

(b) If any Collateral of any Grantor is at any time in the possession or control of a warehouseman, bailee, processor or agent, or if the Collateral Agent so requests such Grantor will (i) notify such warehouseman, bailee, processor or agent of the security interest created hereunder, (ii) instruct such warehouseman, bailee, processor or agent to hold all such Collateral solely for the Collateral Agent's account subject only to the Collateral Agent's instructions (which shall permit such Collateral to be removed by such Grantor in the ordinary course of business until the Collateral Agent notifies such warehouseman, bailee, processor or agent that an Event of Default has occurred and is continuing), (iii) use best efforts, to cause such warehouseman, bailee, processor or agent to authenticate a record acknowledging that it holds possession of such Collateral for the Collateral Agent's benefit and shall act solely on the instructions of the Collateral Agent without the further consent of the Grantor or any other Person, and (iv) make such authenticated record available to the Collateral Agent.

(c) Except as otherwise provided in this subsection (c), each Grantor will continue to collect, at its own expense, all amounts due or to become due such Grantor under the Assigned Agreements and Receivables. In connection with such collections, such Grantor may take (and, at the Collateral Agent's direction after the occurrence of an Event of Default which is continuing, will take) such action as such Grantor or the Collateral Agent may deem necessary or advisable to enforce collection of the Assigned Agreements and Receivables; *provided, however*, that in the event that an Event of Default has occurred and is continuing and the Collateral Agent has given written notice thereof to the applicable Grantor(s) in respect thereof and to the obligors thereunder, the Collateral Agent shall have the right (i) in the case of the Services Agreements, to direct the obligors thereunder to make payment of amounts payable thereunder (up to 70% of the amounts due thereunder) directly to the Collateral Agent for so long as such Event of Default shall continue and (ii) in the case of the Support Agreement, to make payment of 100% of all amounts payable thereunder directly to the Collateral Agent for so long as such Event of Default shall continue, and, upon any such notification and at the expense of such Grantor, to enforce collection of any such Assigned Agreements and Receivables, to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done, and to otherwise exercise all rights with respect to such Assigned Agreements and Receivables, including, without limitation, those set forth in Section 9-607 of the UCC or pursuant to the PPSA(ON) or PPSA(NB). After receipt by any Grantor of the notice from the Collateral Agent referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including, without limitation, instruments) that may be received by such Grantor in respect of the Assigned Agreements and Receivables of such Grantor shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary indorsement) and for so long as the Event of Default giving rise to such notice be continuing, applied as provided in Section 17(b) and (ii) such Grantor will not adjust, settle or compromise the amount or payment of any Receivable or amount due on any Assigned Agreement, release wholly or partly any obligor thereof, or allow any credit or discount thereon. No Grantor will permit or consent to the subordination of its right to payment under any of the Assigned Agreements and Receivables to any other indebtedness or obligations of the obligor thereof.

Section 11. Voting Rights; Dividends; Etc. (a) So long as no Event of Default shall have occurred and be continuing:

(i) Each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Security Collateral of such Grantor or any part thereof for any purpose; *provided however*, that such Grantor will not exercise or refrain from exercising any such right if such action would have a material adverse effect on the value of the Security Collateral or any part thereof.

(ii) Each Grantor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Security Collateral of such Grantor if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Note Documents; *provided, however*, that any and all

(A) dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Security Collateral,

(B) dividends and other distributions paid or payable in cash in respect of any Security Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus and

(C) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, any Security Collateral

shall be, and shall be forthwith delivered to the Collateral Agent to hold as, Security Collateral and shall, if received by such Grantor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the Collateral Agent as Security Collateral in the same form as so received (with any necessary indorsement).

(iii) The Collateral Agent will execute and deliver (or cause to be executed and delivered) to each Grantor all such proxies and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends or interest payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of an Event of Default:

(i) All rights of each Grantor (x) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 11(a)(i) shall, upon notice to such Grantor by the Collateral Agent, cease and (y) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 11(a)(ii) shall automatically cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Security Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by any Grantor contrary to the provisions of paragraph (i) of this Section 11(b) shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Collateral Agent as Security Collateral in the same form as so received (with any necessary indorsement).

Section 12: As to the Assigned Agreements. (a) Each Grantor will at its expense:

(i) perform and observe all terms and provisions of the Assigned Agreements to be performed or observed by it, maintain the Assigned Agreements to which it is a

party in full force and effect, enforce the Assigned Agreements to which it is a party in accordance with the terms thereof and take all such action to such end as may be reasonably requested from time to time by the Collateral Agent; and

(ii) furnish to the Collateral Agent promptly upon receipt thereof copies of all notices, requests and other documents received by such Grantor, and notify the Collateral Agent immediately of any claims, litigation or default, under or pursuant to the Assigned Agreements to which it is a party, and from time to time (A) furnish to the Collateral Agent such information and reports regarding the Assigned Agreements and such other Collateral of such Grantor as the Collateral Agent may reasonably request and (B) upon request of the Collateral Agent make to each other party to any Assigned Agreement to which it is a party such demands and requests for information and reports or for action as such Grantor is entitled to make thereunder.

(b) Each Grantor agrees that it will not, except to the extent otherwise permitted under the Indenture:

(i) cancel or terminate any Assigned Agreement to which it is a party or consent to or accept any cancellation or termination (other than regularly scheduled termination by the terms of such Assigned Agreement) thereof;

(ii) amend, amend and restate, supplement or otherwise modify any such Assigned Agreement or give any consent, waiver (including, without limitation, any waiver of rights, privileges, remedies or powers) or approval thereunder (except for periodic renewals under identical terms);

(iii) waive any default under or breach of any such Assigned Agreement; or

(iv) take any other action in connection with any such Assigned Agreement that would materially impair the value of the interests or rights of such Grantor thereunder or that would materially impair the interests or rights of the Collateral Agent or any other Secured Party.

(c) Each Grantor hereby consents on its behalf and on behalf of its Subsidiaries to the assignment and pledge to the Collateral Agent for benefit of the Secured Parties of each Assigned Agreement to which it is a party by any other Grantor hereunder.

Section 13. Transfers and Other Liens; Additional Shares. (a) Each Grantor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, other than sales, assignments and other dispositions of Collateral, and options relating to Collateral, permitted under the terms of the Indenture, or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor except for the pledge, assignment and security interest created under this Agreement.

(b) Each Grantor agrees that it will (i) cause each issuer of the Pledged Equity pledged by such Grantor not to issue any equity interests or other securities in substitution for the Pledged Equity issued by such issuer, except to such Grantor, and (ii) pledge hereunder,

immediately upon its acquisition (directly or indirectly) thereof, any and all additional equity interests or other securities representing Pledged Equity.

Section 14. Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Collateral Agent such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time, in the Collateral Agent's discretion after the occurrence of an Event of Default which is continuing, to take any action and to execute any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(b) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the terms and conditions of any Assigned Agreement or the rights of the Collateral Agent with respect to any of the Collateral.

Section 15. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein, the Collateral Agent may, as the Collateral Agent deems necessary to protect the security interest granted hereunder in the Collateral or to protect the value thereof, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor under Section 18.

Section 16. The Collateral Agent's Duties. (a) The powers conferred on the Collateral Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Collateral Agent may from time to time, when the Collateral Agent deems it to be necessary, appoint one or more agents (each a "*Subagent*") for the Collateral Agent hereunder with respect to all or any part of the Collateral. In the event that the Collateral Agent so appoints any Subagent with

respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by each Grantor hereunder shall be deemed for purposes of this Security Agreement to have been made to such Subagent, in addition to the Collateral Agent, for the ratable benefit of the Collateral Agent and the other Secured Parties, as security for the Secured Obligations of such Grantor, (ii) such Subagent shall automatically be vested, in addition to the Collateral Agent, with all rights, powers, privileges, interests and remedies of the Collateral Agent hereunder with respect to such Collateral, and (iii) the term "Collateral Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Collateral Agent with respect to such Collateral, shall include such Subagent; *provided, however*, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Collateral Agent.

Section 17. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC, PPSA(ON) or PPSA(NB), as applicable (whether or not the UCC, PPSA(ON) or PPSA(NB), as applicable, apply to the affected Collateral), and also may: (i) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place and time to be designated by the Collateral Agent that is reasonably convenient to both parties; (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable; (iii) occupy any premises owned or leased by any of the Grantors where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation; and (iv) exercise any and all rights and remedies of any of the Grantors under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, (A) any and all rights of such Grantor to demand or otherwise require payment of any amount under, or performance of any provision of, the Assigned Agreements, the Receivables and the other Collateral, (B) withdraw, or cause or direct the withdrawal, of all funds with respect to the Account Collateral and (C) exercise all other rights and remedies with respect to the Assigned Agreements, the Receivables and the other Collateral, including, without limitation, those set forth in Section 9-607 of the UCC and those set forth in the PPSA(ON) and PPSA(NB). Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. No person dealing with the Collateral Agent or its

servants or agents shall be concerned to inquire whether the security hereby constituted has become enforceable, whether the powers which the Collateral Agent is purporting to exercise have become exercisable, whether any money remains due on the security of the Collateral, as to the necessity or expedience of the stipulations and conditions subject to which any sale, lease or disposition shall be made, otherwise as to the propriety or regularity of any sale or any other dealing by the Collateral Agent with the Collateral or to see to the application of any money paid to the Collateral Agent. In the absence of fraud on the part of such persons, such dealings shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred and to be valid and effective accordingly.

(b) Any cash held by or on behalf of the Collateral Agent and all cash proceeds received by or on behalf of the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral Agent pursuant to Section 18) in whole or in part by the Collateral Agent for the ratable benefit of the Secured Parties against, all or any part of the Secured Obligations, in the following manner:

(i) *first*, paid to the Collateral Agent for any amounts then owing to the Collateral Agent under the Note Documents; and

(ii) *second*, ratably paid to the Holders and any other Secured Parties, for any amounts then owing to them, in their capacities as such, under the Note Documents ratably in accordance with such respective amounts then owing to such Secured Parties.

Any surplus of such cash or cash proceeds held by or on the behalf of the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the applicable Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All payments received by any Grantor under or in connection with any Assigned Agreement or otherwise in respect of the Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary indorsement).

(d) The Collateral Agent may, without notice to any Grantor except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Secured Obligations against any funds held with respect to the Account Collateral or in any other deposit account.

(e) If the Collateral Agent shall determine to exercise its right to sell all or any of the Security Collateral of any Grantor pursuant to this Section 17, each Grantor agrees that, upon request of the Collateral Agent, such Grantor will, at its own expense:

(i) execute and deliver, and cause each issuer of such Security Collateral contemplated to be sold and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Collateral Agent, advisable to register for resale such Security Collateral under the provisions of the Securities Act of 1933 (as amended from time to time, the "*Securities Act*"), to cause the registration statement relating thereto (the "*Collateral Shelf Registration Statement*") to become effective and to remain effective for such period as prospectuses are required by law to be furnished and in any event for so long as is necessary to enable the Holders to dispose of the Security Collateral in the manner of sale provided for in the registration statement and to make all amendments and supplements thereto and to the related prospectus that, in the opinion of the Collateral Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto;

(ii) use its best efforts to qualify the Security Collateral under the state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of such Security Collateral, as requested by the Collateral Agent or any other Secured Party;

(iii) cause each such issuer of such Security Collateral to make available to its security holders, as soon as practicable, an earnings statement that will satisfy the provisions of Section 11(a) of the Securities Act;

(iv) provide the Collateral Agent and each other Secured Party and each other Secured Party with such other information and projections as may be necessary or, in the opinion of the Collateral Agent or any other Secured Party, advisable to enable the Collateral Agent or any other Secured Party to effect the sale of such Security Collateral;

(v) take such other actions in furtherance of the resale of the Security Collateral pursuant to the Collateral Shelf Registration Statement as are comparable to those described in Section 5 (Registration Procedures) of the Registration Rights Agreement with respect to the Shelf Registration Statement (as defined therein) *mutantis mutandis*; and

(vi) do or cause to be done all such other acts and things as may be necessary to make such sale of such Security Collateral or any part thereof valid and binding and in compliance with applicable law.

(f) The Collateral Agent is authorized, in connection with any sale of the Security Collateral pursuant to this Section 17, to deliver or otherwise disclose to any prospective purchaser of the Security Collateral: (i) any registration statement or prospectus, and all supplements and amendments thereto, prepared pursuant to subsection (e)(i) above; (ii) any information and projections provided to it pursuant to subsection (e)(iv) above; and (iii) any other information in its possession relating to such Security Collateral.

(g) Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in subsection (e) above and, consequently, agrees that, if such Grantor shall fail to perform any of such covenants, it will pay, as liquidated damages and not as a penalty, an amount equal to the value of the Security Collateral on the date the Collateral Agent shall demand compliance with subsection (e) above.

(h) The Collateral Agent may, in addition to any other rights it may have, appoint by instrument in writing a receiver or receiver and manager (both of which are herein called a "Receiver") of all or any part of the Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights and exclusions and limitations of liability as the Collateral Agent has under this Security Agreement, at law or in equity. In exercising any such powers, any such Receiver shall, to the extent permitted by law, act as and for all purposes shall be deemed to be the agent of the Grantor and the Collateral Agent shall not be responsible for any act or default of any such Receiver. The Collateral Agent may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Collateral Agent. A court need not appoint, ratify the appointment by the Collateral Agent of or otherwise supervise in any manner the actions of any Receiver. Upon a Grantor receiving notice from the Collateral Agent of the taking of possession of the Collateral or the appointment of a Receiver, all powers, functions, rights and privileges of each of the directors and officers of such Grantor with respect to the Collateral shall cease, unless specifically continued by the written consent of the Collateral Agent.

Section 18. Indemnity and Expenses. (a) Each Grantor agrees to indemnify, defend and save and hold harmless each Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "*Indemnified Party*") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(b) Each Grantor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral of such Grantor, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or the other Secured Parties hereunder or (iv) the failure by such Grantor to perform or observe any of the provisions hereof.

Section 19. Amendments; Waivers; Additional Grantors; Etc. (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Collateral Agent or any other Secured Party to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(b) Upon the execution and delivery, or authentication, by any Person of a security agreement supplement in substantially the form of Exhibit A hereto (each a "*Security Agreement Supplement*"), (i) such Person shall be referred to as an "*Additional Grantor*" and shall be and become a Grantor hereunder, and each reference in this Agreement and the other Note Documents to "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in this Agreement and the other Note Documents to "Collateral" shall also mean and be a reference to the Collateral of such Additional Grantor, and (ii) the supplemental schedules I-IV attached to each Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I-IV, respectively, hereto, and the Collateral Agent may attach such supplemental schedules to such Schedules; and each reference to such Schedules shall mean and be a reference to such Schedules as supplemented pursuant to each Security Agreement Supplement.

Section 20. Notices, Etc. All notices and other communications provided for hereunder shall be either (i) in writing (including telegraphic, telecopier or telex communication) and mailed, telegraphed, telecopied, telexed or otherwise delivered or (ii) by electronic mail (if electronic mail addresses are designated as provided below) confirmed immediately in writing, in the case of the Collateral Agent, addressed to it at its address specified in the Indenture and, in the case of each Grantor, addressed to it at its address set forth opposite such Grantor's name on the signature pages hereto or on the signature page to the Security Agreement Supplement pursuant to which it became a party hereto; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and other communications shall, when mailed, telegraphed, telecopied, telexed, sent by electronic mail or otherwise, be effective when deposited in the mails, delivered to the telegraph company, telecopied, confirmed by telex answerback, sent by electronic mail and confirmed in writing, or otherwise delivered (or confirmed by a signed receipt), respectively, addressed as aforesaid; except that notices and other communications to the Collateral Agent shall not be effective until received by the Collateral Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Security Agreement Supplement or Schedule hereto shall be effective as delivery of an original executed counterpart thereof.

Section 21. Continuing Security Interest. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the payment in full in cash of the Secured Obligations, (b) be binding upon each Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns.

Section 22. Release of Collateral; Termination. (a) So long as no Default or Event of Default shall have occurred and be continuing, the Collateral Agent will release to the Company or at its order (or, at the request of the Company, to the Collateral Agent to be applied to the Secured Obligations of the Company under the Note Documents), the Collateral to the extent permitted to be released under the terms of the Note Documents and will, at such Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby; *provided, however*, that (i) at the time of such request and such release no Default shall have occurred and be continuing, (ii) all conditions required to be satisfied under the Indenture shall have been complied with, and (iii) the Grantor shall have delivered to the Collateral Agent a form of release for execution by the Collateral Agent and a certificate of such Grantor to the effect that the transaction is in compliance with the Note Documents and as to such other matters as the Collateral Agent may request.

(b) Upon the payment in full in cash of the Secured Obligations, the pledge and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Grantor. Upon any such termination, the Collateral Agent will, at the applicable Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 23. Security Interest Absolute. The obligations of each Grantor under this Agreement are independent of the Secured Obligations or any other obligations of any Grantor, or any Affiliate of any Grantor under or in respect of the Note Documents, and a separate action or actions may be brought and prosecuted against each Grantor to enforce this Agreement, irrespective of whether any action is brought against such Grantor or any other Affiliate of any Grantor or whether such Grantor or any other Affiliate of any Grantor is joined in any such action or actions. All rights of the Collateral Agent and the other Secured Parties and the pledge, assignment and security interest hereunder, and all obligations of each Grantor hereunder, shall be irrevocable, absolute and unconditional irrespective of, and each Grantor hereby irrevocably waives (to the maximum extent permitted by applicable law) any defenses it may now have or may hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Note Document or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other obligations of any other Affiliate of a Grantor under or in respect of the Note Documents or any other amendment or waiver of or any consent to any departure from any Note Document, including, without limitation, any increase in the Secured Obligations to any Grantor or any of its Affiliates or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;

(d) any manner of application of any Collateral or any other collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Secured Obligations or any other obligations of any other Affiliate of any Grantor under or in respect of the Note Documents or any other assets of any Affiliate of any Grantor;

(e) any change, restructuring or termination of the corporate structure or existence of any Grantor, or any Affiliate of any Grantor;

(f) any failure of any Secured Party to disclose to any Grantor or any Affiliate of any Grantor any information relating to the business, condition (financial or otherwise), operations, performance, assets, nature of assets, liabilities or prospects of any other Grantor or Affiliate of any Grantor now or hereafter known to such Secured Party (each Grantor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the failure of any other Person to execute this Agreement or any other Note Document, guaranty or agreement or the release or reduction of liability of any Grantor or other grantor or surety with respect to the Secured Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a discharge of, such Grantor or any other Grantor or a third party grantor of a security interest.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Secured Party or by any other Person upon the insolvency, bankruptcy or reorganization of any Grantor or any Affiliate of any Grantor or otherwise, all as though such payment had not been made.

Section 24. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

Section 25. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc. (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Note Documents to which it is or is to be a party, or for recognition or enforcement of any judgment, and each Grantor hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each Grantor agrees that a final judgment in

any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Note Document shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any other Note Document in the courts of any jurisdiction.

(c) Each Grantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Note Documents to which it is or is to be a party in any New York State or federal court. Each Grantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court.

(d) Each Grantor represents, warrants and agrees that, prior to the Closing Date, it will have appointed CT Corporation System as its authorized agent (the "*Authorized Agent*", which term, as used herein, includes any successor in such capacity) upon whom process may be served in any such action, suit or proceeding arising out of, based on or relating to this Agreement or any of the transactions contemplated hereby. Such appointment shall, to the fullest extent it may effectively do so under applicable law, be irrevocable. Each Grantor represents, warrants and agrees that, prior to the Closing Date, the Authorized Agent will have agreed to act as such agent for service of process and such Grantor agrees, to the fullest extent it may effectively do so under applicable law, to take any and all action, including the filing of any and all documents and instruments and the payment of all fees, that may be necessary to effect and to continue such appointment in full force and effect as aforesaid for so long as any of the Secured Obligations shall be outstanding and until the principal of, premium, if any and interest on, and any and all other amounts payable under or with respect to the Secured Obligations shall have been paid in full. Each Grantor agrees, to the fullest extent it may effectively do so under applicable law, that service of process upon the Authorized Agent and written notice for such service to such Grantor (mailed or delivered to its Secretary at the address shown next to its name on the signature page of this Agreement) shall be deemed, in every respect, effective service of process upon such Grantor in any such action, suit or proceeding.

(e) In respect of any judgment or order given or made against a Grantor for any amount due hereunder that is expressed and paid in a currency (the "*judgment currency*") other than United States dollars, such Grantor will indemnify the Collateral Agent and each other Secured Party, from and against any and all loss incurred by such Secured Party as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of exchange at which such Secured Party is able to purchase United States dollars with the amount of judgment currency actually received by such Secured Party. Each Grantor agrees, to the fullest extent it may effectively do so under applicable law, that the foregoing indemnity shall constitute a separate and independent obligation of such Grantor and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of or conversion into United States dollars.

(f) To the extent that a Grantor or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from (i) any legal action, suit or proceeding, (ii) setoff or counterclaim, (iii) the jurisdiction of any court, (iv) service process, (v) attachment upon or prior to judgment, (vi) attachment in aid of execution of judgment, (vii) execution of judgment, or (viii) other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which any action, suit or proceeding may at any time be commenced with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement, such Grantor, to the fullest extent it may effectively do so under applicable law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

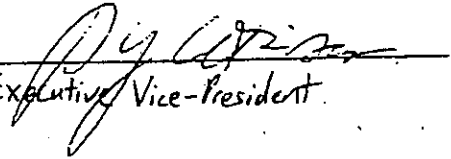
(g) EACH GRANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE NOTE DOCUMENTS, THE ADVANCES OR THE ACTIONS OF ANY SECURED PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

Address for Notices:

10 Toronto Street
Toronto, Canada M5C 2B7
Attention: Chief Financial Officer

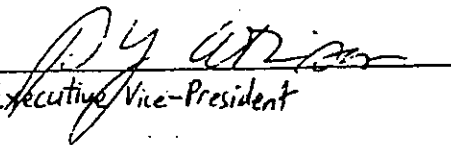
HOLLINGER INC.

By 
Title: Executive Vice-President

Address for Notices:

10 Toronto Street
Toronto, Canada M5C 2B7
Attention: Chief Financial Officer

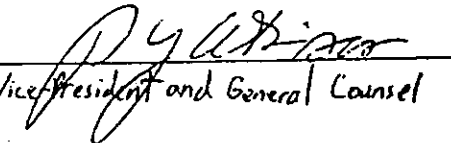
RAVELSTON MANAGEMENT INC.

By 
Title: Executive Vice-President

Address for Notices:

10 Toronto Street
Toronto, Canada M5C2B7
Attention: Chief Financial Officer

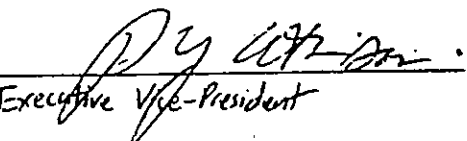
504468 N.B. INC.

By 
Title: Vice President and General Counsel

Address for Notices:

10 Toronto Street
Toronto, Canada M5C2B7
Attention: Chief Financial Officer

THE RAVELSTON CORPORATION
LIMITED (solely with respect to the
representation in Section 8(i))

By 
Title: Executive Vice-President

**Schedule I to the
Security Agreement**

**LOCATION, CHIEF EXECUTIVE OFFICE, PLACE WHERE AGREEMENTS ARE
MAINTAINED, TYPE OF ORGANIZATION, JURISDICTION OF ORGANIZATION
AND ORGANIZATIONAL IDENTIFICATION NUMBER**

<u>Grantor</u>	<u>Location, Chief Executive Office, and Place Where Agreements are Maintained</u>	<u>Type of Organization</u>	<u>Jurisdiction of Organization</u>	<u>Organizational I.D. No.</u>
Hollinger Inc.	10 Toronto Street, Toronto, Canada M5C 2B7	Canadian Corporation	Canada	197578-1
Ravelston Management Inc.	10 Toronto Street, Toronto, Canada M5C 2B7	Ontario Corporation	Ontario, Canada	1517107
504468 N.B. Inc.	10 Toronto Street, Toronto, Canada M5C 2B7 (Registered office and agent at the following address: Stewart McKelvey Stirling Scales 10 th Floor, Brunswick House 44 Chipman Hill Saint John, New Brunswick Canada, E2L 2A9 Correspondence: P.O. Box 7289 Postal Station A Saint John, New Brunswick Canada, E2L 4S6)	New Brunswick Corporation	New Brunswick, Canada	504468

Schedule II to the
Security Agreement

PLEDGED EQUITY

Issuer	Class of Equity Interest	Par Value	Certificate No(s)	Number of Shares	Percentage of Class of Outstanding Shares
Hollinger International Inc.	Class A Common Stock	\$0.01	A5124	2,000,000	14.82%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0154	1,766,013	13.09%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0161	1,403,177	10.40%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0483	809,028	6.00%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0369	5,406	0.04%
Hollinger International Inc.	Class A Common Stock	\$0.01	A5413	1,460,407	10.83%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0478	1,661,787	12.32%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0479	655,000	4.86%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0511	29,000	0.21%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0515	304,287	2.26%
Hollinger International Inc.	Class A Common Stock	\$0.01	M0518	14,197	0.11%
Hollinger International Inc.	Class B Common Stock	\$0.01	B0005	12,990,000	86.66%
Hollinger International Inc.	Class B Common Stock	\$0.01	B0006	2,000,000	13.34%

**Schedule III to the
Security Agreement**

ASSIGNED AGREEMENTS

Grantor

Assigned Agreement

RMI

Services Agreement between Hollinger International Inc. and The Ravelston Corporation Limited, dated as of January 1, 1998 as assigned by The Ravelston Corporation Limited to Ravelston Management Inc. pursuant to a Transfer and Consent Agreement dated July 5, 2002 (as amended, amended and restated, or otherwise modified or supplemented from time to time).

RMI

Amended and Restated Services Agreement between Hollinger Canadian Publishing Holdings Co. and The Ravelston Corporation Limited, dated as of December 1, 1999 as assigned by The Ravelston Corporation Limited to Ravelston Management Inc. pursuant to a Transfer and Consent Agreement dated July 5, 2002 (as amended, amended and restated, or otherwise modified or supplemented from time to time).

HI

Support Agreement between Hollinger Inc. and Ravelston Management Inc. dated as of March 10, 2003 (as amended, amended and restated, or otherwise modified or supplemented from time to time).

**Schedule IV to the
Security Agreement**

CHANGES IN NAME, LOCATION, ETC.

None.

FORM OF SECURITY AGREEMENT SUPPLEMENT

[Date of Security Agreement Supplement]

WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION
as Trustee and Collateral Agent
under the Indenture referred to below

Attn: _____

Hollinger Inc.

Ladies and Gentlemen:

Reference is made to (i) the Indenture dated as of March 10, 2003 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Indenture*"), among Hollinger Inc., (the "*Company*"), as the issuer of Notes thereunder, Ravelston Management Inc., ("*RMF*"), 504468 N.B. Inc., ("*NBI*"), The Ravelston Corporation Limited, Sugra Limited, and Wachovia Trust Company, National Association, as trustee and collateral agent (together with any successor appointed pursuant to the Indenture, the "*Collateral Agent*"), and (ii) the Security Agreement dated March 10, 2003 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Security Agreement*") made by the Grantors from time to time party thereto in favor of the Collateral Agent for the Secured Parties (as defined therein). Terms defined in the Indenture or the Security Agreement and not otherwise defined herein are used herein as defined in the Indenture or the Security Agreement.

SECTION 1. Grant of Security. The undersigned hereby grants, assigns and transfers to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in, all of its right, title and interest in and to all of the Collateral of the undersigned, whether now owned or hereafter acquired by the undersigned, wherever located and whether now or hereafter existing or arising, including, without limitation, the property and assets of the undersigned set forth on the attached supplemental schedules to the Schedules to the Security Agreement.

SECTION 2. Security for Obligations. The grant of a security interest in, the Collateral by the undersigned under this Security Agreement Supplement and the Security Agreement secures the payment of all obligations of the undersigned now or hereafter existing under or in respect of the Note Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise. Without limiting the generality of the foregoing, this Security Agreement Supplement and the Security Agreement

secures the payment of all amounts that constitute part of the Secured Obligations and that would be owed by the undersigned, whether incurred alone or with another or others and whether as principal, guarantor or surety, to any Secured Party under the Note Documents but for the fact that such Secured Obligations are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Grantor or any Affiliate of a Grantor.

SECTION 3. Supplements to Security Agreement Schedules. The undersigned has attached hereto supplemental Schedules I through IV to Schedules I through IV, respectively, to the Security Agreement, and the undersigned hereby certifies, as of the date first above written, that such supplemental schedules have been prepared by the undersigned in substantially the form of the equivalent Schedules to the Security Agreement and are complete and correct.

SECTION 4. Representations and Warranties. The undersigned hereby makes each representation and warranty set forth in Section 8 of the Security Agreement (as supplemented by the attached supplemental schedules) to the same extent as each other Grantor.

SECTION 5. Obligations Under the Security Agreement. The undersigned hereby agrees, as of the date first above written, to be bound as a Grantor by all of the terms and provisions of the Security Agreement to the same extent as each of the other Grantors. The undersigned further agrees, as of the date first above written, that each reference in the Security Agreement to an "Additional Grantor" or a "Grantor" shall also mean and be a reference to the undersigned.

SECTION 6. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(a) The undersigned hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Note Documents to which it is or is to be a party, or for recognition or enforcement of any judgment, and the undersigned hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The undersigned agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Note Document shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any other Note Document in the courts of any jurisdiction.

(b) The undersigned irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Note Documents to which it is or is to be a party in any New York State or federal court. The undersigned hereby irrevocably waives, to the fullest extent permitted by law,

the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court.

(c) The undersigned represents, warrants and agrees that, prior to the Closing Date, it will have appointed CT Corporation System as its authorized agent (the "*Authorized Agent*", which term, as used herein, includes any successor in such capacity) upon whom process may be served in any such action, suit or proceeding arising out of, based on or relating to this Agreement or any of the transactions contemplated hereby. Such appointment shall, to the fullest extent it may effectively do so under applicable law, be irrevocable. The undersigned represents, warrants and agrees that, prior to the Closing Date, the Authorized Agent will have agreed to act as such agent for service of process and the undersigned agrees, to the fullest extent it may effectively do so under applicable law, to take any and all action, including the filing of any and all documents and instruments and the payment of all fees, that may be necessary to effect and to continue such appointment in full force and effect as aforesaid for so long as any of the Secured Obligations shall be outstanding and until the principal of, premium, if any and interest on, and any and all other amounts payable under or with respect to the Secured Obligations shall have been paid in full. The undersigned agrees, to the fullest extent it may effectively do so under applicable law, that service of process upon the Authorized Agent and written notice for such service to the undersigned (mailed or delivered to its Secretary at the address shown next to its name on the signature page of this Agreement) shall be deemed, in every respect, effective service of process upon the undersigned in any such action, suit or proceeding.

(d) In respect of any judgment or order given or made against the undersigned for any amount due hereunder that is expressed and paid in a currency (the "*judgment currency*") other than United States dollars, the undersigned will indemnify the Collateral Agent and each other Secured Party, from and against any and all loss incurred by such Secured Party as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of exchange at which such Secured Party is able to purchase United States dollars with the amount of judgment currency actually received by such Secured Party. The undersigned agrees, to the fullest extent it may effectively do so under applicable law, that the foregoing indemnity shall constitute a separate and independent obligation of the undersigned and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of or conversion into United States dollars.

(e) To the extent that the undersigned or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from (i) any legal action, suit or proceeding, (ii) setoff or counterclaim, (iii) the jurisdiction of any court, (iv) service process, (v) attachment upon or prior to judgment, (vi) attachment in aid of execution of judgment, (vii) execution of judgment, or (viii) other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which any action, suit or proceeding may at any time be commenced with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement, the undersigned, to the fullest extent it may effectively do so under applicable law, hereby irrevocably and unconditionally

Commercial Code is, and will continue to be for so long as the Security Interest shall be in effect, the State of New York.

(d) Attached as Exhibit A hereto are statements of the respective Accounts as of the date hereof showing the property credited to each Account.

(e) The Grantor and Account Holder do not know of any claim to or interest in any Account or any property (including, without limitation, funds and financial assets) credited to any Account, except for claims and interests of the parties referred to in this Agreement.

SECTION 2. Confirmation of Grant of Security Interest. The Grantor hereby confirms that it has granted to the Secured Party a security interest in the Accounts, all property credited thereto and all proceeds thereof, pursuant to the Security Agreement (the "*Security Agreement*") dated March 10, 2003 among the Grantor, the Secured Party, and certain other parties thereto. To the extent (and only to the extent) that such grant is for any reason found to be invalid, the Grantor hereby grants to the Secured Party a security interest in the Accounts, all property credited thereto from time to time, all proceeds thereof, and all other property related thereto as more fully described in the Security Agreement, as security for the Secured Obligations (as defined in the Security Agreement).

SECTION 3. Control by Secured Party. The Account Holder will comply with (i) all instructions directing disposition of the funds in any and all of the Accounts, (ii) all notifications and entitlement orders that the Account Holder receives directing it to transfer or redeem any financial asset in any and all of the Accounts, and (iii) all other directions concerning any and all of the Accounts, including, without limitation, directions to distribute to the Secured Party proceeds of any such transfer or redemption or interest or dividends on property in any and all of the Accounts (any such instruction, notification or direction referred to in clause (i), (ii) or (iii) above being an "*Account Direction*"), in each case of clauses (i), (ii) and (iii) above originated by the Secured Party without further consent by the Grantor or any other person or entity.

SECTION 4. Grantor's Rights in Accounts.

(a) The Account Holder will comply with Account Directions and other directions concerning each Account originated by, and only by, the Secured Party.

(b) Until the Account Holder receives a notice from the Secured Party that the Secured Party will exercise exclusive control over any Account (a "*Notice of Exclusive Control*" with respect to such Account), the Account Holder may distribute to the Grantor all interest and regular cash dividends on property (including, without limitation, funds and financial assets) in such Account.

(c) If the Account Holder receives from the Secured Party a Notice of Exclusive Control with respect to any Account, the Account Holder will cease distributing to the Grantor all interest and dividends on property (including, without limitation, funds and financial assets) in such Account.

SECTION 5. Priority of Secured Party's Security Interest. (a) The Account Holder (i) subordinates to the Security Interest and in favor of the Secured Party any security interest, lien, or right of recoupment or setoff that the Account Holder may have, now or in the future, against any Account or property (including, without limitation, any funds and financial assets) credited to any Account, and (ii) agrees that it will not exercise any right in respect of any such security interest or lien or any such right of recoupment or setoff until the Security Interest is terminated, except that the Account Holder (A) will retain its prior security interest and lien on property credited to any Account, (B) may exercise any right in respect of such security interest or lien, and (C) may exercise any right of recoupment or setoff against any Account, in the case of clauses (A), (B) and (C) above, to secure or to satisfy, and only to secure or to satisfy, payment (x) for such property, (y) for its customary fees and expenses for the routine maintenance and operation of such Account, and (z) if such Account is a deposit account, for the face amount of any items that have been credited to such Account but are subsequently returned unpaid because of uncollected or insufficient funds.

(b) The Account Holder will not enter into any other agreement with any person or entity relating to Account Directions or other directions with respect to any Account.

SECTION 6. Statements, Confirmations, and Notices of Adverse Claims. (a) The Account Holder will send copies of all statements and confirmations for each Account simultaneously to the Secured Party and the Grantor.

(b) When the Account Holder knows of any claim or interest in any Account or any property (including, without limitation, funds and financial assets) credited to any Account other than the claims and interests of the parties referred to in this Agreement, the Account Holder will promptly notify the Secured Party and the Grantor of such claim or interest.

SECTION 7. The Account Holder's Responsibility. (a) Except for permitting a withdrawal, delivery, or payment in violation of Section 4, the Account Holder will not be liable to the Secured Party for complying with Account Directions or other directions concerning any Account from the Grantor that are received by the Account Holder before the Account Holder receives and has a reasonable opportunity to act on a Notice of Exclusive Control.

(b) The Account Holder will not be liable to the Grantor or the Secured Party for complying with a Notice of Exclusive Control or with an Account Direction or other direction concerning any Account originated by the Secured Party, even if the Grantor notifies the Account Holder that the Secured Party is not legally entitled to issue the Notice of Exclusive Control or Account Direction or such other direction unless the Account Holder takes the action after it is served with an injunction, restraining order, or other legal process enjoining it from doing so, issued by a court of competent jurisdiction, and had a reasonable opportunity to act on the injunction, restraining order or other legal process.

(c) This Agreement does not create any obligation of the Account Holder except for those expressly set forth in this Agreement and, in the case of any Account that is a securities account, in Part 5 of Article 8 of the N.Y. Uniform Commercial Code and, in the case of any Account that is a deposit account, in Article 4 of the N.Y. Uniform Commercial Code. In particular, the Account Holder need not investigate whether the Secured Party is entitled under

the Secured Party's agreements with the Grantor to give an Account Direction or other direction concerning any Account or a Notice of Exclusive Control. The Account Holder may rely on notices and communications it believes given by the appropriate party.

SECTION 8. Indemnity. The Grantor will indemnify the Account Holder, its officers, directors, employees and agents against claims, liabilities and expenses arising out of this Agreement (including, without limitation, reasonable attorney's fees and disbursements), except to the extent the claims, liabilities or expenses are caused by the Account Holder's gross negligence or willful misconduct as found by a court of competent jurisdiction in a final, non-appealable judgment.

SECTION 9. Termination; Survival. (a) The Secured Party may terminate this Agreement by notice to the Account Holder and the Grantor. If the Secured Party notifies the Account Holder that the Security Interest has terminated, this Agreement will immediately terminate.

(b) The Account Holder may terminate this Agreement on 60 days' prior notice to the Secured Party and the Grantor, *provided* that before such termination the Account Holder and the Grantor shall make arrangements to transfer the property (including, without limitation, all funds and financial assets) credited to each Account to another Account Holder that shall have executed, together with the Grantor, a control agreement in favor of the Secured Party in respect of such property in substantially the form of this Agreement or otherwise in form and substance satisfactory to the Secured Party.

(c) Sections 7 and 8 will survive termination of this Agreement.

SECTION 10. Governing Law. This Agreement and each Account will be governed by the law of the State of New York. The Account Holder and the Grantor may not change the law governing any Account without the Secured Party's express prior written agreement.

SECTION 11. Entire Agreement. This Agreement is the entire agreement, and supersedes any prior agreements, and contemporaneous oral agreements, of the parties concerning its subject matter.

SECTION 12. Amendments. No amendment of, or waiver of a right under, this Agreement will be binding unless it is in writing and signed by the party to be charged.

SECTION 13. Financial Assets. The Account Holder agrees with the Secured Party and the Grantor that, to the fullest extent permitted by applicable law, all property (other than funds) credited from time to time to any Account will be treated as financial assets under Article 8 of the N.Y. Uniform Commercial Code.

SECTION 14. Notices. A notice or other communication to a party under this Agreement will be in writing (except that Account Directions may be given orally), will be sent to the party's address set forth under its name below or to such other address as the party may notify the other parties and will be effective on receipt.

SECTION 15. Binding Effect. This Agreement shall become effective when it shall have been executed by the Grantor, the Secured Party and the Account Holder, and thereafter shall be binding upon and inure to the benefit of the Grantor, the Secured Party and the Account Holder and their respective successors and assigns.

SECTION 16. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[NAME OF GRANTOR]

By _____
Name:
Title:

Address:

WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION, as
Trustee and Collateral Agent

By _____
Name:
Title:

Address:

[NAME OF ACCOUNT HOLDER]

By _____

Name:

Title:

Address:

EXHIBIT A

[Statements of the various Accounts showing the property credited to each Account]

**CONSENT AND AGREEMENT OF
HOLLINGER INTERNATIONAL INC.**

The undersigned hereby (a) acknowledges notice of, and consents to the terms and provisions of, the Security Agreement dated March 10, 2003 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Security Agreement*", the terms defined therein being used herein as therein defined) among Hollinger Inc. and certain other grantors from time to time party thereto and Wachovia Trust Company, National Association, as Trustee and Collateral Agent (the "*Collateral Agent*") for the Secured Parties referred to therein, (b) consents in all respects to the pledge and assignment to the Collateral Agent of all of the Grantor's (as defined below) right, title and interest in, to and under the Assigned Agreements (as defined below) pursuant to the Security Agreement, (c) acknowledges that the Grantor has provided it with notice of the right of the Collateral Agent in the exercise of its rights and remedies under the Security Agreement to make all demands, give all notices, take all actions and exercise all rights of the Grantor under the Assigned Agreements, and (d) agrees with the Collateral Agent that:

(10) A true copy each of (i) the Services Agreement between the undersigned and The Ravelston Corporation Limited ("*RCL*"), dated as of January 1, 1998 (the "*HII Services Agreement*") and (ii) the Transfer and Consent Agreement between RCL and Ravelston Management Inc. (the "*Grantor*"), dated July 5, 2002 (together with the HII Services Agreement, are collectively referred to as the "*Assigned Agreements*"), in each case, including, without limitation, all amendments, modifications, restatements and supplements, are attached hereto as Schedule 1. The Assigned Agreements are in full force and effect and enforceable against the undersigned, and the undersigned is not aware of any default under the Assigned Agreements or any event that would give any party the right to terminate or rescind the Assigned Agreements. No prepayments have been made of any amounts to become due under the Assigned Agreements.

(11) The undersigned will make all payments to be made by it under or in connection with the Assigned Agreements *provided* that in the event that an Event of Default has occurred and is continuing, the undersigned will make payment of amounts payable thereunder (up to 70% of the amounts due thereunder) directly to the Collateral Agent.

(12) All payments referred to in paragraph 2 above shall be made by the undersigned irrespective of, and without deduction for, any counterclaim, defense, recoupment or set-off and shall be final, and the undersigned will not seek to recover from any Secured Party for any reason any such payment once made.

(13) After the occurrence of an Event of Default which is continuing, the Collateral Agent or its designee shall be entitled to exercise any and all rights and

remedies of the Grantor under the Assigned Agreements in accordance with the terms of the Security Agreement, and the undersigned shall comply in all respects with such exercise.

(14) In the event of a default by the Grantor in the performance of any of its obligations under the Assigned Agreements, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreements which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the undersigned to terminate or suspend its obligations under the Assigned Agreements, the undersigned shall not terminate the Assigned Agreements until it first gives the Collateral Agent written notice of the default and permits the Collateral Agent to cure the default within a period of 30 days after the later of (i) notice of default having been given to the Collateral Agent by the undersigned and (ii) the expiration of the applicable cure period provided in the Assigned Agreements for the Grantor to cure the default.

(15) The undersigned shall deliver to the Collateral Agent, concurrently with the delivery thereof to the Grantor, a copy of each notice, request or demand given by the undersigned pursuant to the Assigned Agreements.

(16) Except as specifically provided in this Consent and Agreement, neither the Collateral Agent nor any other Secured Party shall have any liability or obligation under the Assigned Agreements as a result of this Consent and Agreement, the Security Agreement or otherwise.

(17) Upon the enforcement of the Security Agreement by the Collateral Agent and the transfer of the Assigned Agreements to a transferee, the undersigned will recognize the transferee as the counterparty to the Assigned Agreements in the place and stead of the Grantor.

This Consent and Agreement shall be binding upon the undersigned and its successors and assigns, and shall inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Secured Parties and their successors, transferees and assigns. This Consent and Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has duly executed this Consent and Agreement as of the date set opposite its name below.

Dated: March 10, 2003

HOLLINGER INTERNATIONAL INC.

By _____

Name:

Title:

Schedule 1

**CONSENT AND AGREEMENT OF
HOLLINGER CANADIAN PUBLISHING CO.**

The undersigned hereby (a) acknowledges notice of, and consents to the terms and provisions of, the Security Agreement dated March 10, 2003 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Security Agreement*", the terms defined therein being used herein as therein defined) among Hollinger Inc. and certain other grantors from time to time party thereto and Wachovia Trust Company, National Association, as Trustee and Collateral Agent (the "*Collateral Agent*") for the Secured Parties referred to therein, (b) consents in all respects to the pledge and assignment to the Collateral Agent of all of the Grantor's (as defined below) right, title and interest in, to and under the Assigned Agreements (as defined below) pursuant to the Security Agreement, (c) acknowledges that the Grantor has provided it with notice of the right of the Collateral Agent in the exercise of its rights and remedies under the Security Agreement to make all demands, give all notices, take all actions and exercise all rights of the Grantor under the Assigned Agreements, and (d) agrees with the Collateral Agent that:

(18) A true copy each of (i) the Services Agreement between the undersigned and The Ravelston Corporation Limited ("*RCL*"), dated as of January 1, 1998 (the "*HII Services Agreement*") and (ii) the Transfer and Consent Agreement between RCL and Ravelston Management Inc. (the "*Grantor*"), dated July 5, 2002 (together with the HII Services Agreement, are collectively referred to as the "*Assigned Agreements*"), in each case, including, without limitation, all amendments, modifications, restatements and supplements, are attached hereto as Schedule 1. The Assigned Agreements are in full force and effect and enforceable against the undersigned, and the undersigned is not aware of any default under the Assigned Agreements or any event that would give any party the right to terminate or rescind the Assigned Agreements. No prepayments have been made of any amounts to become due under the Assigned Agreements.

(19) The undersigned will make all payments to be made by it under or in connection with the Assigned Agreements *provided* that in the event that an Event of Default has occurred and is continuing, the undersigned will make payment of amounts payable thereunder (up to 70% of the amounts due thereunder) directly to the Collateral Agent.

(20) All payments referred to in paragraph 2 above shall be made by the undersigned irrespective of, and without deduction for, any counterclaim, defense, recoupment or set-off and shall be final, and the undersigned will not seek to recover from any Secured Party for any reason any such payment once made.

(21) After the occurrence of an Event of Default which is continuing, the Collateral Agent or its designee shall be entitled to exercise any and all rights and remedies of the Grantor under the Assigned Agreements in accordance with the terms of

the Security Agreement, and the undersigned shall comply in all respects with such exercise.

(22) In the event of a default by the Grantor in the performance of any of its obligations under the Assigned Agreements, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreements which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the undersigned to terminate or suspend its obligations under the Assigned Agreements, the undersigned shall not terminate the Assigned Agreements until it first gives the Collateral Agent written notice of the default and permits the Collateral Agent to cure the default within a period of 30 days after the later of (i) notice of default having been given to the Collateral Agent by the undersigned and (ii) the expiration of the applicable cure period provided in the Assigned Agreements for the Grantor to cure the default.

(23) The undersigned shall deliver to the Collateral Agent, concurrently with the delivery thereof to the Grantor, a copy of each notice, request or demand given by the undersigned pursuant to the Assigned Agreements.

(24) Except as specifically provided in this Consent and Agreement, neither the Collateral Agent nor any other Secured Party shall have any liability or obligation under the Assigned Agreements as a result of this Consent and Agreement, the Security Agreement or otherwise.

(25) Upon the enforcement of the Security Agreement by the Collateral Agent and the transfer of the Assigned Agreements to a transferee, the undersigned will recognize the transferee as the counterparty to the Assigned Agreements in the place and stead of the Grantor.

This Consent and Agreement shall be binding upon the undersigned and its successors and assigns, and shall inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Secured Parties and their successors, transferees and assigns. This Consent and Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has duly executed this Consent and Agreement as of the date set opposite its name below.

Dated: March 10, 2003

HOLLINGER CANADIAN PUBLISHING
CO.

By _____

Name:

Title:

Schedule 1

**CONSENT AND AGREEMENT OF
RAVELSTON MANAGEMENT INC.**

The undersigned hereby (a) acknowledges notice of, and consents to the terms and provisions of, the Security Agreement dated March 10, 2003 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Security Agreement*", the terms defined therein being used herein as therein defined) among Hollinger Inc. and certain other grantors from time to time party thereto and Wachovia Trust Company, National Association, as Trustee and Collateral Agent (the "*Collateral Agent*") for the Secured Parties referred to therein, (b) consents in all respects to the pledge and assignment to the Collateral Agent of all of the Grantor's (as defined below) right, title and interest in, to and under the Assigned Agreement (as defined below) pursuant to the Security Agreement, (c) acknowledges that the Grantor has provided it with notice of the right of the Collateral Agent in the exercise of its rights and remedies under the Security Agreement to make all demands, give all notices, take all actions and exercise all rights of the Grantor under the Assigned Agreement, and (d) agrees with the Collateral Agent that:

(1) A true copy of the Support Agreement between the undersigned and Hollinger Inc. (the "*Grantor*") dated as of March 10, 2003 (the "*Assigned Agreement*"), including, without limitation, all amendments, modifications, restatements and supplements is attached hereto as Schedule 1. The Assigned Agreement is in full force and effect and enforceable against the undersigned, and the undersigned is not aware of any default under the Assigned Agreement or any event that would give any party the right to terminate or rescind the Assigned Agreement. No prepayments have been made of any amounts to become due under the Assigned Agreement.

(2) The undersigned will make all payments to be made by it under or in connection with the Assigned Agreement *provided* that in the event that an Event of Default has occurred and is continuing, the undersigned will make payment of 100% of all amounts payable thereunder directly to the Collateral Agent.

(3) All payments referred to in paragraph 2 above shall be made by the undersigned irrespective of, and without deduction for, any counterclaim, defense, recoupment or set-off and shall be final, and the undersigned will not seek to recover from any Secured Party for any reason any such payment once made.

(4) After the occurrence of an Event of Default which is continuing, the Collateral Agent or its designee shall be entitled to exercise any and all rights and remedies of the Grantor under the Assigned Agreement in accordance with the terms of the Security Agreement, and the undersigned shall comply in all respects with such exercise.

(5) The undersigned will not, without the prior written consent of the Collateral Agent, (i) cancel or terminate the Assigned Agreement or consent to or accept

any cancellation or termination thereof, or (ii) amend, amend and restate, supplement or otherwise modify the Assigned Agreement, except, in each case, to the extent otherwise permitted under the Note Documents referred to in the Security Agreement.

(6) In the event of a default by the Grantor in the performance of any of its obligations under the Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the undersigned to terminate or suspend its obligations under the Assigned Agreement, the undersigned shall not terminate the Assigned Agreement until it first gives the Collateral Agent written notice of the default and permits the Collateral Agent to cure the default within a period of 30 days after the later of (i) notice of default having been given to the Collateral Agent by the undersigned and (ii) the expiration of the applicable cure period provided in the Assigned Agreement for the Grantor to cure the default.

(7) The undersigned shall deliver to the Collateral Agent, concurrently with the delivery thereof to the Grantor, a copy of each notice, request or demand given by the undersigned pursuant to the Assigned Agreement.

(8) Except as specifically provided in this Consent and Agreement, neither the Collateral Agent nor any other Secured Party shall have any liability or obligation under the Assigned Agreement as a result of this Consent and Agreement, the Security Agreement or otherwise.

(9) Upon the enforcement of the Security Agreement by the Collateral Agent and the transfer of the Assigned Agreement to a transferee, the undersigned will recognize the transferee as the counterparty to the Assigned Agreement in the place and stead of the Grantor.

This Consent and Agreement shall be binding upon the undersigned and its successors and assigns, and shall inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Secured Parties and their successors, transferees and assigns. This Consent and Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has duly executed this Consent and Agreement as of the date set opposite its name below.

Dated: March 10, 2003

RAVELSTON MANAGEMENT INC.

By _____
Name:
Title:

Schedule 1

Intentionally omitted.

EXECUTION VERSION

FIRST AMENDMENT TO SECURITY AGREEMENT

Dated as of September 30, 2004

Among

The Grantors referred to herein

as Grantors

and

WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION

as Trustee and Collateral Agent,

and the other Secured Parties referred to herein

FIRST AMENDMENT TO SECURITY AGREEMENT

First Amendment to Security Agreement dated as of September 30, 2004 (this "First Amendment to Security Agreement") made by HOLLINGER INC., a Canadian corporation (the "Company"), RAVELSTON MANAGEMENT INC., an Ontario corporation ("RMI"), and 504468 N.B. INC., a New Brunswick corporation ("NBI"), and the Additional Grantors (as such term is defined in Section 19 of the Security Agreement dated March 10, 2003 (the "Security Agreement") among the Company, RMI, NBI and the Additional Grantors) (the Company, RMI, NBI, and the Additional Grantors being, collectively, the "Grantors"), to WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee and as Collateral Agent under the Indenture (as hereinafter defined) (in such capacity, together with any successor appointed pursuant to the Indenture, the "Collateral Agent") for itself, each of the Holders (as defined in the Indenture), and each other secured party specified in any of the other Note Documents (as hereinafter defined) (collectively, the "Secured Parties"), being an amendment to the Security Agreement.

PRELIMINARY STATEMENTS

- (1) The Company, as issuer, and RMI and NBI, as guarantors, entered into an Indenture dated as of March 10, 2003 (said indenture, as it may be amended, amended and restated, supplemented or otherwise modified from time to time, being the "Indenture") with The Ravelston Corporation Limited, Sugra Limited and the Collateral Agent.
- (2) The Grantors entered into the Security Agreement in order to grant to the Collateral Agent for the ratable benefit of itself and the other Secured Parties a security interest in the Collateral (as defined in the Security Agreement).
- (3) The Company, as issuer, and RMI and NBI, as guarantors, have entered into a First Supplemental Indenture (the "Supplemental Indenture") dated as of the date hereof with The Ravelston Corporation Limited, Sugra Limited and the Collateral Agent in order to amend the Indenture to permit, among other things, the issuance of New Notes (as defined in the Supplemental Indenture) pursuant to the New Notes Indenture (as defined in the Supplemental Indenture).
- (4) It is desired to amend certain provisions of the Security Agreement to reflect the terms of the Supplemental Indenture.
- (5) The Company intends to issue up to \$15,000,000 in aggregate principal amount of New Notes to be secured by a second priority security interest in the Senior Notes Collateral pursuant to a security agreement dated the date hereof among the Grantors and HSBC Bank USA, National Association, as trustee and as collateral agent under the New Notes Indenture (the "New Notes Collateral Agent") and an intercreditor agreement dated the date hereof among the Company, Trustee, the Collateral Agent, the trustee for the New Notes and the New Notes Collateral Agent.
- (6) For all purposes of this First Amendment to Security Agreement, except as otherwise stated herein, capitalized terms used but not defined herein shall have the respective

meanings assigned to them in the Security Agreement or in the Note Documents (as defined in the Security Agreement); as the case may be.

NOW THEREFORE, in consideration of the premises and in order to implement the terms of the Supplemental Indenture, each Grantor agrees with the Collateral Agent and the other Secured Parties that the Security Agreement will be hereby amended as follows:

Section 1. Amendment of Section 10 of the Security Agreement. The third sentence of Section 10(a) of the Security Agreement is hereby amended and restated by deleting that sentence in its entirety and replacing it with the following:

"Except for the security agreement dated as of September 30, 2004 (said agreement, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the "New Notes Security Agreement") among the Grantors and HSBC Bank USA, National Association, as trustee and as collateral agent under the New Notes Indenture, no Grantor will become bound by a security agreement authenticated by another Person which by its terms may pertain to the Collateral (including, without limitation, a security agreement authenticated as provided in Section 9-203(d) of the UCC) without giving the Collateral Agent 30 days prior written notice thereof and taking all action required by the Collateral Agent to ensure that the perfection and first priority nature of the Collateral Agent's security interest in the Collateral will be maintained."

Section 2. Amendments of Section 13 of the Security Agreement.

(a) Subsection 13(a)(ii) of the Security Agreement is hereby amended and restated by deleting that subsection in its entirety and replacing it with the following:

"(ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor except for: (A) the pledge, assignment and security interest created under this Agreement and (B) the pledge, assignment and security interest created under the New Notes Security Agreement."

(b) Section 13 of the Security Agreement is hereby amended to add a new Section 13(e) at the end thereof as follows:

"(e) The Collateral Agent is authorized to hold the Collateral as agent for the benefit of the secured parties under the New Notes Security Agreement, including the Second Priority Notes Collateral Agent (as defined in the New Notes Security Agreement) (collectively, the "Second Priority Secured Parties"), to the extent of such secured parties' interest in the Collateral as provided in, and otherwise subject to the terms and conditions of, the New Notes Security Agreement and the New Notes Intercreditor Agreement, provided that the Collateral Agent shall not be required to take any action with respect to the Collateral or any proceeds thereof in favor of the Second Priority Secured Parties unless expressly provided in the New Notes Intercreditor Agreement or an instruction properly given pursuant thereto.

Section 3. Amendment of Section 17 of the Security Agreement. The last sentence of Section 17(b) of the Security Agreement is hereby amended and restated by deleting that sentence in its entirety and replacing it with the following:

Any surplus of such cash or cash proceeds held by or on the behalf of the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the Second Priority Notes Collateral Agent, if such turnover is required by the applicable provisions of the New Notes Intercreditor Agreement, and if not so required, to the applicable Grantor or to whomsoever may be lawfully entitled to receive such surplus.

Section 4. Amendment of Schedule III to the Security Agreement. Schedule III to the Security Agreement is hereby amended and restated by deleting that Schedule in its entirety and replacing it with Schedule A annexed hereto.

Section 5. Miscellaneous.

(a) Effectiveness. Upon the execution hereof, the amendments to the Security Agreement set forth herein shall become effective, the Security Agreement shall be modified in accordance therewith and this First Amendment to Security Agreement shall form part of the Security Agreement for all purposes.

(b) GOVERNING LAW. THIS FIRST AMENDMENT TO SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

(c) Counterparts. This First Amendment to Security Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this First Amendment to Security Agreement by telecopier shall be effective as delivery of an original executed counterpart of this First Amendment to Security Agreement.

(d) Successors and Assigns. All covenants and agreements in this First Amendment to Security Agreement by the Company or any other Grantor shall bind its successors and assigns, whether so expressed or not.

(e) Conflicts. In the event of a conflict between the terms and conditions of the Security Agreement and the terms and conditions of this First Amendment to Security Agreement, the terms and conditions of this First Amendment to Security Agreement shall prevail.

(f) Headings. The Section and Subsection headings in this First Amendment to Security Agreement are for convenience only and shall not affect the construction hereof.

(g) Separability Clause. In case any provision in this First Amendment to Security Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(h) Benefits of First Amendment to Security Agreement. Nothing in this First Amendment to Security Agreement, express or implied, shall give to any Person (other than the parties hereto, their successors hereunder and the Holders) any benefit or any legal or equitable right, remedy or claim under this First Amendment to Security Agreement.

(i) The Trustee and the Collateral Agent. The recitals herein shall be taken as statements of the Grantors and neither the Trustee nor the Collateral Agent shall assume any responsibility for their correctness. Neither the Trustee nor the Collateral Agent make any representations as to the validity or sufficiency of this First Amendment to Security Agreement.

IN WITNESS WHEREOF, each of parties hereto and the Collateral Agent have caused this First Amendment to Security Agreement to be duly executed, all as of the day and year first written above.

HOLLINGER INC.

By: Peter G. Hill

Title: Co-COO

RAVELSTON MANAGEMENT INC.

By: Peter G. Hill

Title: Executive VP

504468 N.B. INC.

By: Peter G. Hill

Title: Executive VP

WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION, not in its
individual capacity, but solely as Trustee
and as Collateral Agent under the
Indenture

By: _____

Title: _____

- 5 -

IN WITNESS WHEREOF, each of parties hereto and the Collateral Agent have caused this First Amendment to Security Agreement to be duly executed, all as of the day and year first written above.

HOLLINGER INC.

By: _____
Title: _____

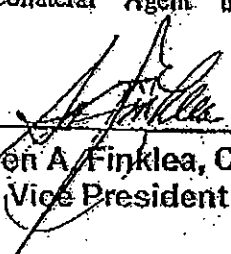
RAVELSTON MANAGEMENT INC.

By: _____
Title: _____

S04468 N.B. INC.

By: _____
Title: _____

**WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION**, not in its
individual capacity, but solely as Trustee
and as Collateral Agent under the
Indenture

By:  _____
Title: Steven A. Finklea, CCTS
Vice President

Schedule A to the
First Amendment to Security Agreement

ASSIGNMENTS AGREEMENTS

<u>Grantor</u>	<u>Assigned Agreement</u>
RMI	Services Agreement between Hollinger International Inc. and The Ravelston Corporation Limited, dated as of January 1, 1998 as assigned by The Ravelston Corporation Limited to Ravelston Management Inc. pursuant to a Transfer and Consent Agreement dated July 5, 2002 (as amended, amended and restated, or otherwise modified or supplemented from time to time). (Agreement has been terminated).
RMI	Amended and Restated Services Agreement between Hollinger Canadian Publishing Holdings Co. and The Ravelston Corporation Limited, dated as of December 1, 1999 as assigned by The Ravelston Corporation Limited to Ravelston Management Inc. pursuant to a Transfer and Consent Agreement dated July 5, 2002 (as amended, amended and restated, or otherwise modified or supplemented from time to time). (Agreement has been terminated).
HI	Support Agreement between Hollinger Inc. and Ravelston Management Inc. dated as of March 10, 2003 (as amended, amended and restated, or otherwise modified or supplemented from time to time).

EXHIBIT “J”

EXECUTION VERSION

SECOND PRIORITY NOTES SECURITY AGREEMENT

Dated as of September 30, 2004

From

The Grantors referred to herein

as Grantors

to

HSBC BANK USA, NATIONAL ASSOCIATION

as Trustee and Collateral Agent,

and the other Second Priority Secured Parties referred to herein

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- Schedule I - Location, Chief Executive Office, Place Where Agreements Are Maintained, Type of Organization, Jurisdiction Of Organization And Organizational Identification Number
- Schedule II - Pledged Equity and Pledged Debt
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- Schedule IV - Changes in Name, Location, Etc.

Exhibits

- Exhibit A - Form of Security Agreement Supplement
- Exhibit B - Form of Account Control Agreement
- Exhibit C - Form of Consent and Agreement of RMI

SECOND PRIORITY NOTES SECURITY AGREEMENT

SECOND PRIORITY NOTES SECURITY AGREEMENT dated as of September 30, 2004 made by HOLLINGER INC., a Canadian corporation (the "*Company*"), RAVELSTON MANAGEMENT INC., an Ontario corporation ("*RMI*"), and 504468 N.B. INC., a New Brunswick corporation ("*NBI*"), and the Additional Grantors (as defined in Section 19) (the Company, RMI, NBI, and the Additional Grantors being, collectively, the "*Grantors*"), to HSBC BANK USA, NATIONAL ASSOCIATION, as Trustee and Collateral Agent under the Second Priority Notes Indenture (as hereinafter defined) (in such capacity, together with any successor appointed pursuant to the Second Priority Notes Indenture, the "*Second Priority Notes Collateral Agent*") for itself, each of the Holders (as defined in the Second Priority Notes Indenture), and each other secured party specified in any of the other Second Priority Note Documents (as hereinafter defined) (collectively, the "*Second Priority Secured Parties*"). Terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in the Second Priority Notes Indenture (as defined herein).

PRELIMINARY STATEMENTS.

(1) The Company, as issuer, and RMI and NBI, as guarantors, entered into an indenture dated as of March 10, 2003 (said indenture, as it may hereafter be amended, amended and restated, supplemental or otherwise modified from time to time, being the "*First Priority Notes Indenture*") with The Ravelston Corporation Limited, Sugra Limited and Wachovia Trust Company, National Association (the "*First Priority Notes Collateral Agent*").

(2) Pursuant to the First Priority Notes Indenture, the Grantors entered into a security agreement, dated as of March 10, 2003 (said security agreement, as it may hereafter be amended, amended and restated, supplemental or otherwise modified from time to time, being the "*First Priority Notes Security Agreement*"). In order to grant to the First Priority Notes Collateral Agent for the ratable benefit of itself and the other First Priority Secured Parties (as defined in the intercreditor agreement, dated as of the date hereof, between the First Priority Notes Collateral Agent, the Second Priority Notes Collateral Agent and the Company (the "*First Priority Notes Intercreditor Agreement*")) a first priority security interest in the Collateral (as defined in the First Priority Notes Security Agreement).

(3) The Company, as issuer, and RMI and NBI, as guarantors, have entered into an indenture dated as of September 30, 2004 (said indenture, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the "*Second Priority Notes Indenture*") with The Ravelston Corporation Limited, Sugra Limited and the Second Priority Notes Collateral Agent.

(4) The Grantors are entering into this Agreement in order to grant to the Second Priority Notes Collateral Agent for the ratable benefit of itself and the other

Second Priority Secured Parties (as defined in the First Priority Notes Intercreditor Agreement) a second priority security interest in the Collateral.

(5) Each of the Company and NBI is the owner of the shares of stock or other equity interests (the "*Initial Pledged Equity*") set forth on and described in Schedule II hereto and issued by the Persons named therein.

(6) The Company is a party to the Support Agreement, between Hollinger Inc. and Ravelston Management Inc. dated as of March 10, 2003 (as amended, amended and restated, or otherwise modified or supplemented from time to time, the "*Support Agreement*").

(7) RMI was a party to the Services Agreements (as defined in the First Priority Notes Indenture) (the Services Agreements and the Support Agreement hereinafter referred to as the "*Assigned Agreements*").

(8) It is a condition precedent to the purchase of the Second Priority Notes by the Holders and the performance by the Second Priority Secured Parties of their respective obligations under this Agreement, the Second Priority Notes Indenture, the Second Priority Notes, the First Priority Notes Intercreditor Agreement, the other Security Documents or any other document or agreement related thereto or delivered in connection therewith (collectively, the "*Second Priority Note Documents*") that the Grantors shall have granted the second priority assignment and security interest and made the pledge and assignment contemplated by this Agreement.

(9) Each Grantor will derive substantial direct and indirect benefit from the transactions contemplated by the Second Priority Note Documents.

(10) Unless otherwise defined in this Agreement or the other Second Priority Note Documents, terms defined in Article 8 or 9 of the UCC (as defined below) and/or in the Federal Book Entry Regulations (as defined below) are used in this Agreement as such terms are defined in such Article 8 or 9 and/or the Federal Book Entry Regulations. "*UCC*" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; *provided that*, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "*UCC*" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority. The term "*Federal Book Entry Regulations*" means (a) the federal regulations contained in Subpart B ("*Treasury/Reserve Automated Debt Entry System (TRADES)*") governing book-entry securities consisting of U.S. Treasury bonds, notes and bills and Subpart D ("*Additional Provisions*") of 31 C.F.R. Part 357, 31 C.F.R. § 357.2, § 357.10 through § 357.14 and § 357.41 through § 357.44 and (b) to the extent substantially identical to the federal regulations referred to in clause (a) above (as in effect from time to time), the federal regulations governing other book-entry securities. The term "*PPSA(ON)*" shall mean the Personal Property Security

Act (Ontario) (or any successor statute) and the term "PPSA(NB)" shall mean the Personal Property Security Act (New Brunswick) (or any successor statute).

NOW, THEREFORE, in consideration of the premises and in order to induce the Holders to purchase the Second Priority Notes, and each Second Priority Secured Party to perform their respective obligations under the Second Priority Note Documents, each Grantor hereby agrees with the Second Priority Notes Collateral Agent and the other Second Priority Secured Parties as follows:

Section 1. Grant of Security. Each Grantor hereby grants, assigns and transfers to the Second Priority Notes Collateral Agent and the other Second Priority Secured Parties, a security interest in, such Grantor's right, title and interest in and to the Collateral (as defined in the First Priority Notes Security Agreement). Notwithstanding anything to the contrary contained in this Agreement, the security interest granted pursuant to this Agreement (including pursuant to this Section 1), shall be a "second" priority security interest in the Collateral, fully junior, subordinated and subject to the security interest granted pursuant to the First Priority Notes Security Agreement to the holders of notes issued under the First Priority Notes Indenture, and all other rights and benefits afforded hereunder to the Second Priority Secured Parties are expressly subject to the terms and conditions of the Second Priority Note Documents.

Section 2. Security for Obligations. This Agreement secures, in the case of each Grantor, the payment of all obligations of such Grantor now or hereafter existing under the Second Priority Note Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such obligations being the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement secures, as to each Grantor, the payment of all amounts that constitute part of the Secured Obligations and would be owed by such Grantor, whether incurred alone or with another or others and whether as principal, guarantor or surety, to any Second Priority Secured Party under the Second Priority Note Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Grantor.

Section 3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under the contracts and agreements included in such Grantor's Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Second Priority Notes Collateral Agent or any other Second Priority Secured Party of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) neither the Second Priority Notes Collateral Agent nor any other Second Priority Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any other Second Priority Note Documents, nor shall the Second Priority Notes Collateral Agent or

any other Second Priority Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Furthermore, the Second Priority Notes Collateral Agent shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with the Collateral, shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Second Priority Notes Collateral Agent, the Grantor or any other person, firm or corporation in respect of the Collateral and shall not be liable or responsible for any loss, cost or damage whatsoever which may arise in respect of any such failure including, without limitation, resulting from the negligence of the Second Priority Notes Collateral Agent or any of its officers, servants, agents, solicitors, attorneys, Receivers (as hereinafter defined) or otherwise. Neither the Second Priority Notes Collateral Agent nor its officers, servants, agents or Receivers shall be liable by reason of any entry into possession of the Collateral or any part thereof, to account as a mortgagee in possession, for anything except actual receipts, for any loss on realization, for any act or omission for which a mortgagee in possession might be liable for any loss, cost, damage or expense whatsoever which may arise in respect of any such actions, omissions or negligence.

Section 4. Delivery and Control of Security Collateral.

(a) Prior to any Collateral Transfer (as defined below), the Company's obligations with respect to delivery and control of the Collateral shall be solely to comply with the provisions of Section 4 of the First Priority Security Agreement. Pursuant to the First Priority Notes Intercreditor Agreement, in the event that (i) all of the Collateral is released from the Lien under the First Priority Notes Indenture, or (ii) the First Priority Notes Collateral Agent, acting on behalf of the First Priority Note Secured Parties (as defined in the First Priority Notes Intercreditor Agreement), has foreclosed or otherwise realized upon any or all of the Collateral, the First Priority Notes Collateral Agent is required to transfer and deliver to the Second Priority Notes Collateral Agent ~~such portion of the~~ Collateral remaining after satisfaction of all Secured Obligations (as defined in the First Priority Notes Indenture) then outstanding (the "*Transferred Collateral*") and the making of such other payments as the First Priority Notes Collateral Agent is required to make pursuant to Section 14.05 of the First Priority Notes Indenture (such transfer and delivery, a "*Collateral Transfer*"). The Second Priority Notes Collateral Agent shall thereafter have the right, at any time in its discretion and with notice to each Grantor, to transfer to or to register in the name of the Second Priority Notes Collateral Agent or any of its nominees any or all of the Security Collateral (as defined in the First Priority Security Agreement) included in the Transferred Collateral, provided, however, that in the case of Security Collateral included in the Transferred Collateral consisting of Class B Shares of Hollinger International Inc., such rights to register Security Collateral in the name of the Second Priority Notes Collateral Agent or any of its nominees shall only be exercised only after the occurrence and during the continuance of an Event of Default. In addition, the Second Priority Notes Collateral Agent shall

have the right at any time to exchange certificates or instruments representing or evidencing Security Collateral included in the Transferred Collateral for certificates or instruments of smaller or larger denominations. Also, the Second Priority Notes Collateral Agent shall have the right at any time to convert Security Collateral included in the Transferred Collateral consisting of financial assets credited to the Collateral Account (as defined in the First Priority Notes Security Agreement) to Security Collateral consisting of financial assets held directly by the Second Priority Notes Collateral Agent, and to convert Security Collateral included in the Transferred Collateral consisting of financial assets held directly by the Second Priority Notes Collateral Agent, to Security Collateral consisting of financial assets credited to the Collateral Accounts.

(b) From and after a Collateral Transfer, with respect to any Security Collateral included in the Transferred Collateral in which any Grantor has any right, title or interest and that constitutes an uncertificated security, such Grantor will cause the issuer thereof either (i) to register the Second Priority Notes Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with such Grantor and the Second Priority Notes Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Second Priority Notes Collateral Agent without further consent of such Grantor, such authenticated record to be in form and substance satisfactory to the Second Priority Notes Collateral Agent. From and after a Collateral Transfer, with respect to any Security Collateral included in the Collateral, other than any Class B Shares of Hollinger International Inc., in which any Grantor has any right, title or interest and that is not an uncertificated security, upon the request of the Second Priority Notes Collateral Agent, such Grantor will notify each such issuer of Pledged Equity (as defined in the First Priority Notes Security Agreement) that such Pledged Equity is subject to the second priority security interest granted hereunder.

(c) From and after a Collateral Transfer, with respect to any Security Collateral included in the Transferred Collateral, in which any Grantor has any right, title or interest and that constitutes a security entitlement in which the Second Priority Notes Collateral Agent is not the entitlement holder, such Grantor will cause the securities intermediary with respect to such security entitlement either (i) to identify in its records the Second Priority Notes Collateral Agent as the entitlement holder of such security entitlement against such securities intermediary or (ii) to agree in an authenticated record with such Grantor and the Second Priority Notes Collateral Agent that such securities intermediary will comply with entitlement orders (that is, notifications communicated to such securities intermediary directing transfer or redemption of the financial asset to which such Grantor has a security entitlement) originated by the Second Priority Notes Collateral Agent without further consent of such Grantor, such authenticated record to be in substantially the form of Exhibit B hereto or

otherwise in form and substance satisfactory to the Second Priority Notes Collateral Agent (such agreement being an "*Account Control Agreement*").

(d) From and after a Collateral Transfer, no Grantor will change or add any securities intermediary that maintains any securities account in which any of the Transferred Collateral, other than any Class B Shares of Hollinger International Inc., is credited or carried, or change or add any such securities account, in each case without first complying with the above provisions of this Section 4 in order to perfect the second priority security interest granted hereunder in such Transferred Collateral.

(e) Not later than 10 business days after any Collateral Transfer, each Grantor with respect to Security Collateral included in the Transferred Collateral shall (i) take and complete any and all action necessary in order to ensure that all beneficial and registered ownership interests in each item of such Security Collateral are held by a single or two Grantors; (ii) provide the Second Priority Notes Collateral Agent and/or any other Secured Party requesting the same with evidence satisfactory to the Second Priority Notes Collateral Agent and/or such other Secured Party that all such action described in clause (i) above has been taken; and (iii) deliver to or in accordance with the instructions of the Second Priority Notes Collateral Agent original stock certificates and stock powers originally executed in blank, all in form and substance satisfactory to the Second Priority Notes Collateral Agent, reflecting any changes in ownership with respect to any Security Collateral included in the Transferred Collateral resulting from the actions described in clause (i) above.

Section 5. Maintaining the Account Collateral. So long as any Secured Obligations remain outstanding:

(a) Each Grantor will maintain all Account Collateral only with (i) prior to a Collateral Transfer, (A) the First Priority Notes Collateral Agent or (B) in accordance with the First Priority Notes Indenture or the First Priority Notes Security Agreement, or (ii) after a Collateral Transfer, (A) the Second Priority Notes Collateral Agent or (B) banks (the "*Pledged Account Banks*") that have agreed, in an Account Control Agreement authenticated by the Grantor, the Second Priority Notes Collateral Agent and the Pledged Account Banks, to (x) comply with instructions originated by the Second Priority Notes Collateral Agent directing the disposition of funds in the Account Collateral without the further consent of the Grantor and (y) waive or subordinate in favor of the Second Priority Notes Collateral Agent all claims of the Pledged Account Banks (including, without limitation, claims by way of a security interest, lien or right of setoff or right of recoupment) to the Account Collateral, which authenticated record shall be substantially in the form of Exhibit B hereto, or shall otherwise be in form and substance satisfactory to the Second Priority Notes Collateral Agent.

(b) Each Grantor agrees that it will not terminate any bank as a Pledged Account Bank that, (i) at any time, has entered into an Account Control Agreement with the First Priority Notes Collateral Agent with respect to the Collateral or terminate any Account Collateral included in the Collateral or (ii) after a Collateral Transfer, has entered into an Account Control Agreement with the Second Priority Notes Collateral Agent with respect to the Transferred Collateral or terminate any Account Collateral included in the Transferred Collateral.

(c) After any Collateral Transfer, the Second Priority Notes Collateral Agent shall have sole right to direct the disposition of funds with respect to the Collateral Accounts included in the Transferred Collateral, and it shall be a term and condition of the Collateral Accounts included in the Transferred Collateral, notwithstanding any term or condition to the contrary in any other agreement relating to the Collateral Accounts, that no amount (including, without limitation, interest on Cash Equivalents (as defined in the First Priority Notes Security Agreement) credited thereto) will be paid or released to or for the account of, or withdrawn by or for the account of, any Grantor or any other Person from the Collateral Accounts included in the Transferred Collateral.

(d) After any Collateral Transfer, the Second Priority Notes Collateral Agent may, at any time and without notice to, or consent from, the Grantor, transfer, or direct the transfer of, funds from the Account Collateral included in the Transferred Collateral to satisfy the Grantor's obligations under the Second Priority Note Documents if an Event of Default shall have occurred and be continuing.

Section 6. Investing of Amounts in the Collateral Accounts. From and after any Collateral Transfer:

(a) The Second Priority Notes Collateral Agent will, subject to the provisions of Sections 5, 17 and 22, from time to time, at the direction of the Company, (a) invest, or direct the applicable Pledged Account Bank to invest, amounts received with respect to the Collateral Accounts included in the Transferred Collateral in such Cash Equivalents credited to (A) the Collateral Accounts included in the Transferred Collateral or (B) in the case of Cash Equivalents consisting of Securities Collateral included in the Transferred Collateral, a securities account in which the Second Priority Notes Collateral Agent is the securities intermediary or a securities account subject to an Account Control Agreement, and (b) invest interest paid on the Cash Equivalents referred to in clause (a) above, and reinvest other proceeds of any such Cash Equivalents that may mature or be sold, in each case in such Cash Equivalents credited in the same manner.

(b) Interest and proceeds that are not invested or reinvested in Cash Equivalents as provided above shall be deposited and held in the Collateral Accounts included in the Transferred Collateral; and the Second Priority Notes Collateral Agent and other Second Priority Secured Parties shall not be liable for any losses resulting from such investments.

(c) In addition, the Second Priority Notes Collateral Agent shall have the right at any time to exchange, or direct the applicable Pledged Account Bank to exchange, such Cash Equivalents for similar Cash Equivalents of smaller or larger determinations, or for other Cash Equivalents, credited to the Collateral Accounts included in the Transferred Collateral.

Section 7. Maintaining Electronic Chattel Paper and Transferable Records. From and after a Collateral Transfer, so long as any Secured Obligation of any Grantor under any Second Priority Note Documents shall remain unpaid, each Grantor will maintain all (i) electronic chattel paper included in the Transferred Collateral so that the Second Priority Notes Collateral Agent has control of the electronic chattel paper in the manner specified in Section 9-105 of the UCC or pursuant to similar laws in Canada, as applicable, and (ii) all transferable records included in the Transferred Collateral so that the Second Priority Notes Collateral Agent has control of the transferable records in the manner specified in Section 16 of the Uniform Electronic Transactions Act, as in effect in the jurisdiction governing such transferable record ("UETA") or pursuant to similar laws in Canada, as applicable.

Section 8. Representations and Warranties. Each Grantor represents and warrants as follows:

(a) Such Grantor's exact legal name, as defined in Section 9-503(a) of the UCC, and as evidenced pursuant to its Articles of Incorporation/Amalgamation in the jurisdiction of incorporation, is correctly set forth in Schedule I hereto. Such Grantor has only the trade names listed on Schedule IV hereto. Such Grantor is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office and the office in which it maintains the original copy of the Support Agreement to which such Grantor is a party and all originals of all chattel paper that evidence Receivables (as defined in the First Priority Notes Security Agreement) of such Grantor, in the state or provincial jurisdiction set forth in Schedule I hereto. The information set forth in Schedule I hereto with respect to such Grantor is true and accurate in all respects. Such Grantor has not, within five years prior to the date hereof, previously changed its name, location, chief executive office, place where it maintains its agreements, type of organization, jurisdiction of organization or organizational identification number from those set forth in Schedule I hereto except as disclosed in Schedule IV hereto.

(b) All Security Collateral consisting of certificated securities and instruments have been delivered to the First Priority Notes Collateral Agent. Original or certified copies of each Assigned Agreement and all originals of all chattel paper that evidence Receivables have been delivered to the First Priority Notes Collateral Agent. None of the Receivables or Agreement Collateral (as defined in the First Priority Notes Security Agreement) is evidenced by a promissory note or other instrument that has not been delivered to the First Priority Notes Collateral Agent.

(c) Such Grantor is the legal and beneficial owner of the Collateral of such Grantor free and clear of any Lien, claim, option or right of others, except for the Liens of the First Priority Notes Indenture and the Second Priority Notes Indenture and the related first and second priority security interests created thereunder and pursuant to the First Priority Notes Security Agreement and this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral or listing such Grantor or any trade name of such Grantor as debtor is on file in any recording office, except such as may have been filed in favor of the Second Priority Notes Collateral Agent relating to the Second Priority Note Documents and except in connection with or pursuant to the First Priority Notes Indenture or the First Priority Notes Security Agreement.

(d) The Pledged Equity pledged by such Grantor hereunder has been duly authorized and validly issued and is fully paid and non-assessable. With respect to the Pledged Equity that is an uncertificated security, such Grantor has caused the issuer thereof either (i) to register the First Priority Notes Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with such Grantor and the First Priority Notes Collateral Agent that such issuer will comply with instructions with respect to such security originated by the First Priority Notes Collateral Agent without further consent of such Grantor. If such Grantor is an issuer of Pledged Equity, such Grantor confirms that it has received notice of such security interest.

(e) The Initial Pledged Equity pledged by such Grantor constitutes the percentage of the issued and outstanding equity interests of the issuers thereof indicated on Schedule II hereto.

(f) The Support Agreement, a true and complete copy of which has been furnished to the Second Priority Notes Collateral Agent, has been duly authorized, executed and delivered by all parties thereto, has not been amended, amended and restated, supplemented or otherwise modified, is in full force and effect and is binding upon and enforceable against all parties thereto in accordance with its terms. Each party to the Support Agreement listed on Schedule III hereto other than the Grantor has executed and delivered to such Grantor a consent, in substantially the form of Exhibit C hereto or otherwise in

form and substance satisfactory to the Second Priority Notes Collateral Agent, to the assignment of the Agreement Collateral to the Second Priority Notes Collateral Agent pursuant to this Agreement.

(g) All filings and other actions (including, without limitation, actions necessary to perfect the second priority security interest in the Collateral of such Grantor created under this Agreement) have been duly made or taken and are in full force and effect, and this Agreement creates in favor of the Second Priority Notes Collateral Agent for the benefit of itself and the other Second Priority Secured Parties a valid and, together with such filings and other actions, perfected second priority security interest in the Collateral of such Grantor, securing the payment of the Secured Obligations.

(h) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by such Grantor of the second priority security interest granted hereunder or for the execution, delivery or performance of this Agreement by such Grantor, (ii) the perfection or maintenance of the second priority security interest created hereunder (including the second priority nature of such security interest), except for the filing of financing and continuation statements under the UCC, the PPSA(ON) and the PPSA(NB), which financing statements have been duly filed and are in full force and effect, and the actions described in Section 4 with respect to Security Collateral, which actions have been taken and are in full force and effect, or (iii) the exercise by the Second Priority Notes Collateral Agent of its rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with the disposition of any portion of the Security Collateral by laws affecting the offering and sale of securities generally.

Section 9. Further Assurances. (a) Each Grantor agrees that, subject to the terms and conditions of the First Priority Notes Security Agreement, from time to time, at the expense of such Grantor, such Grantor will promptly execute and deliver, or otherwise authenticate, all, further instruments and documents, and take all further action that may be necessary or desirable, or that the Second Priority Notes Collateral Agent may request, in order to perfect and protect any pledge or second priority security interest granted or purported to be granted by such Grantor hereunder or to enable the Second Priority Notes Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of such Grantor. Without limiting the generality of the foregoing, except to the extent prohibited by applicable law, the First Priority Notes Indenture or the First Priority Notes Security Agreement, each Grantor will promptly with respect to Collateral of such Grantor: (i) at the request of the Second Priority Notes Collateral Agent, mark conspicuously each chattel paper included in Receivables, the Support Agreement and, at the request of the Second Priority Notes Collateral Agent, each of its records pertaining to such Collateral with a legend, in form and substance satisfactory to the Second Priority Notes Collateral Agent, indicating that such chattel

paper, Support Agreement or Collateral is subject to the second priority security interest granted hereby; (ii) execute or authenticate and file such financing, financing change or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Second Priority Notes Collateral Agent may request, in order to perfect and preserve the second priority security interest granted or purported to be granted by such Grantor hereunder; (iii) take all action to ensure that the Second Priority Notes Collateral Agent's second priority security interest is noted on any certificate of ownership related to any Collateral evidenced by a certificate of ownership (other than the Class B Shares of Hollinger International Inc.); and (iv) deliver to the Second Priority Notes Collateral Agent evidence that all other action, except such actions in each case that are prohibited by the First Priority Notes Indenture or the First Priority Notes Security Agreement, that may be reasonably necessary or desirable in order to perfect and protect the second priority security interest created by such Grantor under this Agreement has been taken. From time to time upon request by the Second Priority Notes Collateral Agent, each Grantor will, at such Grantor's expense, cause to be delivered to the Second Priority Notes Collateral Agent, for the benefit of the Second Priority Secured Parties, an Opinion of Independent Counsel, from outside counsel reasonably satisfactory to the Second Priority Notes Collateral Agent, as to such matters relating to the transactions contemplated hereby as the Second Priority Notes Collateral Agent may reasonably request.

(b) Each Grantor hereby authorizes the Second Priority Notes Collateral Agent to file one or more financing, financing change or continuation statements, and amendments thereto, including, without limitation, one or more financing statements indicating that such financing statements cover all assets or all personal property (or words of similar effect) of such Grantor, in each case without the signature of such Grantor, and regardless of whether any particular asset described in such financing statements falls within the scope of the UCC, PPSA(ON) or PPSA(NB) or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Each Grantor ratifies its authorization for the Second Priority Notes Collateral Agent to have filed such financing statements, continuation statements, financing change statements or amendments filed prior to the date hereof. In no event, however, will the Second Priority Notes Collateral Agent have any duty, responsibility or obligation to file any financing statement, continuation statement, financing change statement or amendment.

(c) Each Grantor will furnish to the Second Priority Notes Collateral Agent from time to time statements and schedules further identifying and describing the Collateral of such Grantor and such other reports in connection with such Collateral as the Second Priority Notes Collateral Agent may reasonably request, all in reasonable detail.

(d) The Company will furnish to the Second Priority Notes Collateral Agent, at any time upon the reasonable request of the Second Priority Notes Collateral

Agent, an opinion of counsel, from outside counsel reasonably satisfactory to the Second Priority Notes Collateral Agent, to the effect that all financing, financing change or continuation statements have been filed, and all other action has been taken (including, without limitation, action necessary to (i) give the First Priority Notes Collateral Agent control over the Collateral as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC, in Section 16 of UETA, in the PPSA(ON) and in the PPSA(NB) and (ii) cause the second priority security interest in any Collateral evidenced by a certificate of ownership, other than the Class B Shares of Hollinger International Inc., to be noted on such certificate of ownership) to perfect continuously from the date hereof the second priority security interest granted hereunder.

Section 10. Post-Closing Changes; Bailees; Collections on Support Agreement; Receivables and Related Contracts. (a) Except to the extent required by the First Priority Notes Indenture or the First Priority Notes Security Agreement, no Grantor will change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in Section 5(a) of this Agreement without first giving at least 30 days' prior written notice to the Second Priority Notes Collateral Agent and taking all action required by the Second Priority Notes Collateral Agent for the purpose of perfecting or protecting the second priority security interest granted by this Agreement. Except to the extent required by the First Priority Notes Indenture or the First Priority Notes Security Agreement, no Grantor will change the place where it keeps the original of the Support Agreement and all originals of all chattel paper that evidence Receivables of such Grantor from the locations therefor specified in Sections 5(a) without first giving the Second Priority Notes Collateral Agent 30 days' prior written notice of such change. Except to the extent required by the First Priority Notes Indenture or the First Priority Notes Security Agreement, no Grantor will become bound by a security agreement authenticated by another Person which by its terms may pertain to the Collateral (including, without limitation, a security agreement authenticated as provided in Section 9-203(d) of the UCC) without giving the Second Priority Notes Collateral Agent 30 days' prior written notice thereof and taking all action required by the Second Priority Notes Collateral Agent to ensure that the perfection and second priority nature of the Second Priority Notes Collateral Agent's security interest in the Collateral will be maintained. Except to the extent required by the First Priority Notes Indenture or the First Priority Notes Security Agreement, each Grantor will hold and preserve its records relating to the Collateral, including, without limitation, the Support Agreement, and will permit representatives of the Second Priority Notes Collateral Agent at any time during normal business hours to inspect and make abstracts from such records and other documents. If the Grantor does not have an organizational identification number and later obtains one, it will forthwith notify the Second Priority Notes Collateral Agent of such organizational identification number,

(b) If any Collateral of any Grantor is at any time in the possession or control of a warehouseman, bailee, processor or agent, other than the First Priority Notes Collateral Agent or its designee, or if the Second Priority Notes Collateral Agent so requests, such Grantor will (i) at any time, notify such warehouseman, bailee, processor

or agent of the second priority security interest created hereunder and (ii) after a Collateral Transfer, (A) instruct such warehouseman, bailee, processor or agent to hold all such Transferred Collateral solely for the Second Priority Notes Collateral Agent's account subject only to the Second Priority Notes Collateral Agent's instructions (which shall permit such Transferred Collateral to be removed by such Grantor in the ordinary course of business until the Second Priority Notes Collateral Agent notifies such warehouseman, bailee, processor or agent that an Event of Default has occurred and is continuing), (B) use best efforts, to cause such warehouseman, bailee, processor or agent to authenticate a record acknowledging that it holds possession of such Transferred Collateral for the Second Priority Notes Collateral Agent's benefit and shall act solely on the instructions of the Second Priority Notes Collateral Agent without the further consent of the Grantor or any other Person, and (C) make such authenticated record available to the Second Priority Notes Collateral Agent.

(c) Except as otherwise provided in this subsection (c), each Grantor will continue to collect, at its own expense, all amounts due or to become due such Grantor under the Support Agreement and Receivables. In connection with such collections, such Grantor may take (and, at the Second Priority Notes Collateral Agent's direction after the occurrence of a Collateral Transfer and an Event of Default which is continuing, will take) such action as such Grantor or, if applicable, the Second Priority Notes Collateral Agent, may deem necessary or advisable to enforce collection of the Support Agreement and Receivables; provided, however, that in the event that a Collateral Transfer has occurred and an Event of Default has occurred and is continuing and the Second Priority Notes Collateral Agent has given written notice thereof to the applicable Grantor(s) in respect thereof and to the obligors thereunder, the Second Priority Notes Collateral Agent shall have the right to make payment of 100% of all amounts payable under the Support Agreement directly to the Second Priority Notes Collateral Agent for so long as such Event of Default shall continue, and, upon any such notification and at the expense of such Grantor, to enforce collection of the Support Agreement and any such Receivables, to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done, and to otherwise exercise all rights with respect to the Support Agreement and such Receivables, including, without limitation, those set forth set forth in Section 9-607 of the UCC or pursuant to the PPSA(ON) or PPSA(NB). After receipt by any Grantor of the notice from the Second Priority Notes Collateral Agent referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including, without limitation, instruments) that may be received by such Grantor in respect of the Support Agreement and Receivables of such Grantor shall be received in trust for the benefit of the Second Priority Notes Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Second Priority Notes Collateral Agent in the same form as so received (with any necessary indorsement) and for so long as the Event of Default giving rise to such notice be continuing, applied as provided in Section 17(b) and (ii) such Grantor will not adjust, settle or compromise the amount or payment of any Receivable or amount due on the Support Agreement, release wholly or partly any obligor thereof, or allow any credit or discount thereon. No Grantor will

permit or consent to the subordination of its right to payment under the Support Agreement and any of the Receivables to any other indebtedness or obligations of the obligor thereof.

Section 11. Voting Rights; Dividends; Etc. (a) Subject to the terms and conditions of the First Priority Notes Indenture, the First Priority Notes Security Agreement and the First Priority Notes Intercreditor Agreement, so long as no Event of Default shall have occurred and be continuing:

(i) Each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Security Collateral of such Grantor or any part thereof for any purpose; *provided, however*, that such Grantor will not exercise or refrain from exercising any such right with respect to the Security Collateral included in the Transferred Collateral if such action would have a material adverse effect on the value of the Security Collateral included in the Transferred Collateral or any part thereof.

(ii) Each Grantor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Security Collateral of such Grantor if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Second Priority Note Documents; *provided however*, that any and all

(A) dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Security Collateral included in the Transferred Collateral,--

(B) dividends and other distributions paid or payable in cash in respect of any Security Collateral included in the Transferred Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus, and

(C) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, any Security Collateral included in the Transferred Collateral

shall be, and shall be forthwith delivered to the Second Priority Notes Collateral Agent to hold as, Security Collateral and shall, if received by such Grantor, be received in trust for the benefit of the Second Priority Notes Collateral Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the Second Priority Notes Collateral Agent as Security Collateral in the same form as so received (with any necessary indorsement).

(iii) The Second Priority Notes Collateral Agent will execute and deliver (or cause to be executed and delivered) to each Grantor all such proxies and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends or interest payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of an Event of Default, subject to the terms and conditions of the First Priority Notes Indenture, the First Priority Notes Security Agreement and the First Priority Notes Intercreditor Agreement, and after the occurrence of a Collateral Transfer:

(i) All rights of each Grantor (x) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 11(a)(i) shall, upon notice to such Grantor by the Second Priority Notes Collateral Agent, cease and (y) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 11(a)(ii) shall automatically cease, and all such rights shall thereupon become vested in the Second Priority Notes Collateral Agent, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Security Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by any Grantor contrary to the provisions of paragraph (i) of this Section 11(b) shall be received in trust for the benefit of the Second Priority Notes Collateral Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Second Priority Notes Collateral Agent as Security Collateral in the same form as so received (with any necessary indorsement).

Section 12. As to the Support Agreement. (a) The Company and RMI will at their respective expense, except to the extent prohibited under applicable law, the First Priority Notes Indenture or the First Priority Notes Security Agreement:

(i) perform and observe all terms and provisions of the Support Agreement to be performed or observed by it, maintain the Support Agreement in full force and effect, enforce the Support Agreement in accordance with the terms thereof, and

(ii) furnish to the Second Priority Notes Second Priority Notes Collateral Agent promptly upon receipt thereof copies of all notices, requests and other documents received by such Grantor, and notify the Second Priority Notes Collateral Agent immediately of any claims,

litigation or default, under or pursuant to the Support Agreement, and from time to time furnish to the Second Priority Notes Collateral Agent such information and reports regarding the Support Agreement and such other Collateral of such Grantor as the Second Priority Notes Collateral Agent may reasonably request.

(b) Each of the Company and RMI agrees that it will not, except to the extent otherwise permitted under the Second Priority Notes Indenture or as otherwise required by applicable law or pursuant to the First Priority Notes Indenture or the First Priority Notes Security Agreement:

(i) cancel or terminate the Support Agreement or consent to or accept any cancellation or termination (other than regularly scheduled termination by the terms of the Support Agreement) thereof;

(ii) amend, amend and restate, supplement or otherwise modify the Support Agreement or give any consent, waiver (including, without limitation, any waiver of rights, privileges, remedies or powers) or approval thereunder (except for periodic renewals under identical terms);

(iii) take any action to waive any default under or breach of any the Support Agreement; or

(iv) take any other action in connection with the Support Agreement that would materially impair the value of the interests or rights of such Grantor thereunder or that would materially impair the interests or rights of the Second Priority Notes Collateral Agent or any other Second Priority Secured Party.

Section 13. Transfers and Other Liens; Additional Shares. (a) Except pursuant to the First Priority Notes Indenture or the First Priority Notes Security Agreement, each Grantor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, other than sales, assignments and other dispositions of Collateral, and options relating to Collateral, permitted under the terms of the Second Priority Notes Indenture, or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor except for the pledge, assignment and second priority security interest created under this Agreement.

(b) Each Grantor agrees that it will take any action within its power to (i) cause each issuer of the Pledged Equity pledged by such Grantor not to issue any equity interests or other securities in substitution for the Pledged Equity issued by such issuer, except to such Grantor, and (ii) pledge hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all additional equity interests or other securities representing Pledged Equity.

Section 14. Second Priority Notes Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Second Priority Notes Collateral Agent such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time, in the Second Priority Notes Collateral Agent's discretion after the occurrence of an Event of Default which is continuing and after the occurrence of a Collateral Transfer, to take any action and to execute any instrument that may be necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Transferred Collateral,

(b) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings that may be necessary or desirable for the collection of any of the Transferred Collateral or otherwise to enforce compliance with the terms and conditions of the Support Agreement or the rights of the Second Priority Notes Collateral Agent with respect to any of the Transferred Collateral.

Section 15. Second Priority Notes Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein, the Second Priority Notes Collateral Agent may, as is necessary to protect the second priority security interest granted hereunder in the Collateral or to protect the value thereof, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of the Second Priority Notes Collateral Agent incurred in connection therewith shall be payable by such Grantor under Section 18; provided that the Second Priority Notes Collateral Agent shall not take any action that would cause the Company to violate any provision of the First Priority Notes Security Agreement, the First Priority Notes Indenture or the First Priority Notes Intercreditor Agreement.

Section 16. The Second Priority Notes Collateral Agent's Duties. (a) The powers conferred on the Second Priority Notes Collateral Agent hereunder are solely to protect the Second Priority Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Transferred Collateral in its possession and the accounting for moneys actually received by it hereunder, the Second Priority Notes Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Second Priority Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Second Priority Notes Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any

Transferred Collateral in its possession if such Transferred Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Second Priority Notes Collateral Agent may from time to time, when the Second Priority Notes Collateral Agent deems it to be necessary, appoint one or more agents (each a "*Subagent*") for the Second Priority Notes Collateral Agent hereunder with respect to all or any part of the Collateral. In the event that the Second Priority Notes Collateral Agent so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the second priority security interest granted in such Collateral by each Grantor hereunder shall be deemed for purposes of this Second Priority Notes Security Agreement to have been made to such Subagent, in addition to the Second Priority Notes Collateral Agent, for the ratable benefit of the Second Priority Notes Collateral Agent and the other Second Priority Secured Parties, as security for the Secured Obligations of such Grantor, (ii) such Subagent shall automatically be vested, in addition to the Second Priority Notes Collateral Agent, with all rights, powers, privileges, interests and remedies of the Second Priority Notes Collateral Agent hereunder with respect to such Collateral, and (iii) the term "Second Priority Notes Collateral Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Second Priority Notes Collateral Agent with respect to such Collateral, shall include such Subagent; *provided, however*, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Second Priority Notes Collateral Agent.

Section 17. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Second Priority Notes Collateral Agent may exercise in respect of the Transferred Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the ~~rights~~ and remedies of a secured party upon default under the UCC, PPSA(ON) or PPSA(NB), as applicable (whether or not the UCC, PPSA(ON) or PPSA(NB), as applicable, apply to the affected Transferred Collateral), and also may: (i) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Second Priority Notes Collateral Agent forthwith, assemble all or part of the Transferred Collateral as directed by the Second Priority Notes Collateral Agent (to the extent such Transferred Collateral was not delivered to the Second Priority Notes Collateral Agent by the First Priority Notes Collateral Agent in connection with a Collateral Transfer) and make it available to the Second Priority Notes Collateral Agent at a place and time to be designated by the Second Priority Notes Collateral Agent that is reasonably convenient to both parties; (ii) without notice except as specified below, sell the Transferred Collateral or any part thereof in one or more parcels at public or private sale, at any of the Second Priority Notes Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Second Priority

Notes Collateral Agent may deem commercially reasonable; (iii) occupy any premises owned or leased by any of the Grantors where the Transferred Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation; and (iv) exercise any and all rights and remedies of any of the Grantors under or in connection with the Transferred Collateral, or otherwise in respect of the Transferred Collateral, including, without limitation, (A) any and all rights of such Grantor to demand or otherwise require payment of any amount under, or performance of any provision of, the Support Agreement, the Receivables and the other Collateral, (B) withdraw, or cause or direct the withdrawal, of all funds with respect to the Account Collateral and (C) exercise all other rights and remedies with respect to the Support Agreement, the Receivables and the other Collateral, including, without limitation, those set forth in Section 9-607 of the UCC and those set forth in the PPSA(ON) and PPSA(NB). Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Second Priority Notes Collateral Agent shall not be obligated to make any sale of Transferred Collateral regardless of notice of sale having been given. The Second Priority Notes Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. No person dealing with the Second Priority Notes Collateral Agent or its servants or agents shall be concerned to inquire whether the security hereby constituted has become enforceable, whether the powers which the Second Priority Notes Collateral Agent is purporting to exercise have become exercisable, whether any money remains due on the security of the Collateral, as to the necessity or expedience of the stipulations and conditions subject to which any sale, lease or disposition shall be made, otherwise as to the propriety or regularity of any sale or any other dealing by the Second Priority Notes Collateral Agent with the Collateral or to see to the application of any money paid to the Second Priority Notes Collateral Agent. In the absence of fraud on the part of such persons, such dealings shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred and to be valid and effective accordingly.

(b) All cash proceeds received by or on behalf of the Second Priority Notes Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Transferred Collateral may be held by the Second Priority Notes Collateral Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Second Priority Notes Collateral Agent pursuant to Section 18) in whole or in part by the Second Priority Notes Collateral Agent for the ratable benefit of the Second Priority Secured Parties against, all or any part of the Secured Obligations, in the following manner:

(i) *first*, paid to the Second Priority Notes Collateral Agent for any amounts then owing to the Second Priority Notes Collateral Agent under the Second Priority Note Documents; and

(ii) *second*, ratably paid to the Holders and any other Second Priority Secured Parties, for any amounts then owing to them, in their capacities as such, under the Second Priority Note Documents ratably in accordance with such respective amounts then owing to such Second Priority Secured Parties.

Any surplus of such cash or cash proceeds held by or on the behalf of the Second Priority Notes Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the applicable Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) From and after any Collateral Transfer, all payments received by any Grantor under or in connection with the Support Agreement or otherwise in respect of the Transferred Collateral shall be received in trust for the benefit of the Second Priority Notes Collateral Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Second Priority Notes Collateral Agent in the same form as so received (with any necessary indorsement).

(d) From and after any Collateral Transfer, the Second Priority Notes Collateral Agent may, without notice to any Grantor except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Secured Obligations against any funds held with respect to the Account Collateral included in the Transferred Collateral or in any other deposit account.

(e) From and after a Collateral Transfer, if the Second Priority Notes Collateral Agent shall determine to exercise its right to sell all or any of the Security Collateral included in the Transferred Collateral of any Grantor pursuant to this Section 17, each Grantor agrees that, upon request of the Second Priority Notes Collateral Agent, such Grantor will, at its own expense, to the extent the Company then has the present ability to complete and have declared effect a registration statement under the United States securities laws:

(i) execute and deliver, and cause each issuer of such Security Collateral contemplated to be sold and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or advisable to register for resale such Security Collateral under the provisions of the Securities Act of 1933 (as amended from time to time, the "*Securities Act*"), to cause the registration statement relating thereto (the "*Collateral Shelf Registration Statement*") to become effective and to remain

effective for such period as prospectuses are required by law to be furnished and in any event for so long as is necessary to enable the Holders to dispose of the Security Collateral in the manner of sale provided for in the registration statement and to make all amendments and supplements thereto and to the related prospectus that are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto;

(ii) use its best efforts to qualify the Security Collateral under the state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of such Security Collateral, as requested by the Second Priority Notes Collateral Agent or any other Second Priority Secured Party;

(iii) cause each such issuer of such Security Collateral to make available to its security holders, as soon as practicable, an earnings statement that will satisfy the provisions of Section 11(a) of the Securities Act;

(iv) provide the Second Priority Notes Collateral Agent and each other Second Priority Secured Party with such other information and projections as may be necessary or advisable to enable the Second Priority Second Priority Notes Collateral Agent or any other Second Priority Secured Party to effect the sale of such Security Collateral;

(v) take such other actions in furtherance of the resale of the Security Collateral pursuant to the Collateral Shelf Registration Statement as are comparable to those described in Section 5 (Registration Procedures) of the Registration Rights Agreement with respect to the Shelf Registration Statement (as defined therein) *mutatis mutandis*; and

(vi) do or cause to be done all such other acts and things as may be necessary to make such sale of such Security Collateral or any part thereof valid and binding and in compliance with applicable law.

(f) The Second Priority Notes Collateral Agent is authorized, in connection with any sale of the Security Collateral pursuant to this Section 17, to deliver or otherwise disclose to any prospective purchaser of the Security Collateral: (i) any registration statement or prospectus, and all supplements and amendments thereto, prepared pursuant to subsection (e)(i) above; (ii) any information and projections provided to it pursuant to subsection (e)(iv) above; and (iii) any other information in its possession relating to such Security Collateral.

(g) Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Second Priority Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in subsection (e) above and, consequently, agrees that, if such Grantor shall fail to perform any of such covenants, it will pay, as liquidated damages and not as a penalty, an amount equal to the value of the Security Collateral on the date the Second Priority Collateral Agent shall demand compliance with subsection (e) above.

(h) The Second Priority Notes Collateral Agent may, in addition to any other rights it may have, appoint by instrument in writing a receiver or receiver and manager (both of which are herein called a "Receiver") of all or any part of any Transferred Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights and exclusions and limitations of liability as the Second Priority Notes Collateral Agent has under this Agreement, at law or in equity. In exercising any such powers, any such Receiver shall, to the extent permitted by law, act as and for all purposes shall be deemed to be the agent of the Grantor and the Second Priority Notes Collateral Agent shall not be responsible for any act or default of any such Receiver. The Second Priority Notes Collateral Agent may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Second Priority Notes Collateral Agent. A court need not appoint, ratify the appointment by the Second Priority Notes Collateral Agent of or otherwise supervise in any manner the actions of any Receiver. Upon a Grantor receiving notice from the Second Priority Notes Collateral Agent of the taking of possession of any Transferred Collateral or the appointment of a Receiver, all powers, functions, rights and privileges of each of the directors and officers of such Grantor with respect to ~~any~~ Transferred Collateral shall cease, unless specifically continued by the written consent of the Second Priority Notes Collateral Agent.

Section 18. Indemnity and Expenses. (a) Each Grantor agrees to indemnify, defend and save and hold harmless each Second Priority Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(b) Each Grantor will upon demand pay to the Second Priority Notes Collateral Agent the amount of any and all reasonable fees and expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Second Priority Notes Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any Transferred Collateral, (iii) the exercise or enforcement of any of the rights of the Second Priority Notes Collateral Agent or the other Second Priority Secured Parties hereunder or (iv) the failure by such Grantor to perform or observe any of the provisions hereof.

(c) In each case that the Second Priority Notes Collateral Agent may or is required hereunder to take any action, including without limitation to make any determination or judgment, to give consents, to exercise rights, powers or remedies or otherwise to act hereunder, the Second Priority Notes Collateral Agent may seek instruction from the Holders with respect to any such action of the Second Priority Notes Collateral Agent on which Holders are entitled to give instruction under the Second Priority Notes Indenture. The Second Priority Notes Collateral Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with such instruction from the Holders.

Section 19. Amendments; Waivers; Additional Grantors; Etc. (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Second Priority Notes Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Second Priority Notes Collateral Agent or any other Second Priority Secured Party to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(b) Upon the execution and delivery, or authentication, by any Person of a second priority notes security agreement supplement in substantially the form of Exhibit A hereto (each a "*Second Priority Notes Security Agreement Supplement*"), (i) such Person shall be referred to as an "*Additional Grantor*" and shall be and become a Grantor hereunder, and each reference in this Agreement and the other Second Priority Note Documents to "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in this Agreement and the other Second Priority Note Documents to "Collateral" and "Transferred Collateral" shall also mean and be a reference to the Collateral and/or Transferred Collateral of such Additional Grantor, and (ii) the supplemental Schedules I-III attached to each Second Priority Notes Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I-III, respectively, hereto, and the Second Priority Notes Collateral Agent may attach such supplemental schedules to such Schedules; and each reference to such

Schedules shall mean and be a reference to such Schedules as supplemented pursuant to each Second Priority Notes Security Agreement Supplement.

Section 20. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including facsimile communication) and mailed or faxed in the case of the Second Priority Notes Collateral Agent, addressed to it at the Corporate Trust Office specified in the Second Priority Notes Indenture and, in the case of each Grantor, addressed to it at its address set forth opposite such Grantor's name on the signature pages hereto or on the signature page to the Second Priority Notes Security Agreement Supplement pursuant to which it became a party hereto; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and other communications shall, when mailed or faxed, be effective when deposited in the mails, faxed or otherwise delivered (or confirmed by a signed receipt), respectively, addressed as aforesaid; except that notices and other communications to the Second Priority Notes Collateral Agent shall not be effective until received by the Second Priority Notes Collateral Agent. Delivery by facsimile of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Second Priority Notes Security Agreement Supplement or Schedule hereto shall be effective as delivery of an original executed counterpart thereof.

Section 21. Continuing Security Interest. This Agreement shall create a continuing second priority security interest in the Collateral and shall (a) remain in full force and effect until the payment in full in cash of the Secured Obligations, (b) be binding upon each Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Second Priority Notes Collateral Agent hereunder, to the benefit of the Second Priority Secured Parties and their respective successors, transferees and assigns.

Section 22. Release of Collateral; Termination. (a) From and after any Collateral Transfer, so long as no Default or Event of Default shall have occurred and be continuing, the Second Priority Notes Collateral Agent will release to the Company or at its order (or, at the request of the Company, to the Second Priority Notes Collateral Agent to be applied to the Secured Obligations of the Company under the Second Priority Note Documents), the Transferred Collateral to the extent permitted to be released under the terms of the Second Priority Note Documents and will, at such Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence the release of any Collateral from the second priority security interest granted hereby to the extent permitted to be released under the terms of the Second Priority Note Documents; provided, however, that (i) at the time of such request and such release no Default shall have occurred and be continuing, (ii) all conditions required to be satisfied under the Second Priority Notes Indenture shall have been complied with, and (iii) the Grantor shall have delivered to the Second Priority Notes Collateral Agent a form of release for execution by the Second Priority Notes Collateral Agent and a certificate of such Grantor to the effect that the transaction is in compliance with the Second Priority

Note Documents and as to such other matters as the Second Priority Notes Collateral Agent may request.

(b) Upon the payment in full in cash of the Secured Obligations, the pledge and second priority security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Grantor, except as otherwise provided in the First Priority Notes Indenture or the First Priority Notes Security Agreement. Upon any such termination, the Second Priority Notes Collateral Agent will, at the applicable Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 23. Security Interest Absolute. The obligations of each Grantor under this Agreement are independent of the Secured Obligations or any other obligations of any Grantor, or any Affiliate of any Grantor under or in respect of the Second Priority Note Documents, and a separate action or actions may be brought and prosecuted against each Grantor to enforce this Agreement, irrespective of whether any action is brought against such Grantor or any other Affiliate of any Grantor or whether such Grantor or any other Affiliate of any Grantor is joined in any such action or actions. All rights of the Second Priority Notes Collateral Agent and the other Second Priority Secured Parties and the pledge, assignment and second priority security interest hereunder, and all obligations of each Grantor hereunder, shall be irrevocable, absolute and unconditional irrespective of, and each Grantor hereby irrevocably waives (to the maximum extent permitted by applicable law) any defenses it may now have or may hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Second Priority Note Document or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other obligations of any other Affiliate of a Grantor under or in respect of the Second Priority Note Documents or any other amendment or waiver of or any consent to any departure from any Note Document, including, without limitation, any increase in the Secured Obligations to any Grantor or any of its Affiliates or otherwise;

(c) any taking, exchange, release or non-perfection of any Transferred Collateral or any other collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;

(d) any manner of application of any Transferred Collateral or any other collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Transferred Collateral or any other collateral for all or any of the Secured Obligations or any other obligations of any other Affiliate of any Grantor under or in respect of the Note Documents or any other assets of any Affiliate of any Grantor;

(e) any change, restructuring or termination of the corporate structure or existence of any Grantor, or any Affiliate of any Grantor;

(f) any failure of any Second Priority Secured Party to disclose to any Grantor or any Affiliate of any Grantor any information relating to the business, condition (financial or otherwise), operations, performance, assets, nature of assets, liabilities or prospects of any other Grantor or Affiliate of any Grantor now or hereafter known to such Second Priority Secured Party (each Grantor waiving any duty on the part of the Second Priority Secured Parties to disclose such information);

(g) the failure of any other Person to execute this Agreement or any other Second Priority Note Document, guaranty or agreement or the release or reduction of liability of any Grantor or other grantor or surety with respect to the Secured Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Second Priority Secured Party that might otherwise constitute a defense available to, or a discharge of, such Grantor or any other Grantor or a third party grantor of a security interest.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Second Priority Secured Party or by any other Person upon the insolvency, bankruptcy or reorganization of any Grantor or any Affiliate of any Grantor or otherwise, all as though such payment had not been made.

Section 24. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of an original executed counterpart of this Agreement.

Section 25. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc.

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Second Priority Note Documents to which it is or is to be a party, or for recognition or enforcement of any judgment, and each Grantor hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the

extent permitted by law, in such federal court. Each Grantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Second Priority Note Document shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any other Second Priority Note Document in the courts of any jurisdiction.

(c) Each Grantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Second Priority Note Documents to which it is or is to be a party in any New York State or federal court. Each Grantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court.

(d) Each Grantor represents, warrants and agrees that, within 30 days after the date hereof, it will have appointed Corporation Service Company as its authorized agent (the "*Authorized Agent*," which term, as used herein, includes any successor in such capacity) upon whom process may be served in any such action, suit or proceeding arising out of, based on or relating to this Agreement or any of the transactions contemplated hereby. Such appointment shall, to the fullest extent it may effectively do so under applicable law, be irrevocable. Each Grantor represents, warrants and agrees that, prior to the Closing Date, the Authorized Agent will have agreed to act as such agent for service of process and such Grantor agrees, to the fullest extent it may effectively do so under applicable law, to take any and all action, including the filing of any and all documents and instruments and the payment of all fees, that may be necessary to effect and to continue such appointment in full force and effect as aforesaid for so long as any of the Secured Obligations shall be outstanding and until the principal of, premium, if any and interest on, and any and all other amounts payable under or with respect to the Secured Obligations shall have been paid in full. Each Grantor agrees, to the fullest extent it may effectively do so under applicable law, that service of process upon the Authorized Agent and written notice for such service to such Grantor (mailed or delivered to its Secretary at the address shown next to its name on the signature page of this Agreement) shall be deemed, in every respect, effective service of process upon such Grantor in any such action, suit or proceeding.

(e) In respect of any judgment or order given or made against a Grantor for any amount due hereunder that is expressed and paid in a currency (the "*judgment currency*") other than United States dollars, such Grantor will indemnify the Second Priority Notes Collateral Agent and each other Second Priority Secured Party, from and against any and all loss incurred by such Secured Party as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of exchange at which such Secured Party is able to purchase United States dollars with the amount of judgment currency actually received by such Secured Party.

Each Grantor agrees, to the fullest extent it may effectively do so under applicable law, that the foregoing indemnity shall constitute a separate and independent obligation of such Grantor and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of or conversion into United States dollars.

(f) To the extent that a Grantor or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from (i) any legal action, suit or proceeding, (ii) setoff or counterclaim, (iii) the jurisdiction of any court, (iv) service process, (v) attachment upon or prior to judgment, (vi) attachment in aid of execution of judgment, (vii) execution of judgment, or (viii) other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which any action, suit or proceeding may at any time be commenced with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement, such Grantor, to the fullest extent it may effectively do so under applicable law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

(g) EACH GRANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE SECOND PRIORITY NOTE DOCUMENTS, THE ADVANCES OR THE ACTIONS OF ANY SECURED PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

Address for Notices:

10 Toronto Street
Toronto, Canada M5C 2B7
Attention: Chief Financial Officer

HOLLINGER INC.

By Peter G. White
Title: CO-CEO

Address for Notices:

10 Toronto Street
Toronto, Canada M5C 2B7
Attention: Chief Financial Officer

RAVELSTON MANAGEMENT INC.

By Peter G. White
Title: EXECUTIVE VP

Address for Notices:

10 Toronto Street
Toronto, Canada M5C 2B7
Attention: Chief Financial Officer

504468 N.B. INC.

By Peter G. White
Title: EXECUTIVE VP

Schedule I to the
Second Priority Notes Security Agreement

**LOCATION, CHIEF EXECUTIVE OFFICE, PLACE WHERE AGREEMENTS
ARE MAINTAINED, TYPE OF ORGANIZATION, JURISDICTION OF
ORGANIZATION AND ORGANIZATIONAL IDENTIFICATION NUMBER**

Grantor	Location, Chief Executive Office, and Place Where Agreements are Maintained	Type of Organization	Jurisdiction of Organization	Organizational I.D. No.
Hollinger Inc.	10 Toronto Street, Toronto, Canada M5C 2B7	Canadian Corporation	Canada	197578-1
Ravelston Management Inc.	10 Toronto Street, Toronto, Canada M5C 2B7	Ontario Corporation	Ontario, Canada	1517107
504468 N.B. Inc.	10 Toronto Street, Toronto, Canada M5C 2B7 (Registered office and agent at the following address: Stewart McKelvey Stirling Scales 10th Floor, Brunswick House 44 Chipman Hill Saint John, New Brunswick Canada, E2L 2A9 Correspondence: P.O. Box 7289 - Postal Station A Saint John, New Brunswick Canada, E2L 4S6)	New Brunswick Corporation	New Brunswick, Canada	504468

Schedule II to the
Second Priority Notes Security Agreement

PLEDGED EQUITY

Issuer	Class of Equity Interest	Par Value	Certificate No(s)	Number of Shares	Percentage of Class of Outstanding Shares
Hollinger International Inc.	Class B Common Stock	\$0.01	B0005	12,990,000	86.66%
Hollinger International Inc.	Class B Common Stock	\$0.01	B0006	2,000,000	13.34%

Schedule III to the
Second Priority Notes Security Agreement

ASSIGNED AGREEMENTS

<u>Grantor</u>	<u>Assigned Agreement</u>
RMI	Services Agreement between Hollinger International Inc. and The Ravelston Corporation Limited, dated as of January 1, 1998 as assigned by The Ravelston Corporation Limited to Ravelston Management Inc. pursuant to a Transfer and Consent Agreement dated July 5, 2002 (as amended, amended and restated, or otherwise modified or supplemented from time to time). (Agreement has been terminated.)
RMI	Amended and Restated Services Agreement between Hollinger Canadian Publishing Holdings Co. and The Ravelston Corporation Limited, dated as of December 1, 1999 as assigned by The Ravelston Corporation Limited to Ravelston Management Inc. pursuant to a Transfer and Consent Agreement dated July 5, 2002 (as amended, amended and restated, or otherwise modified or supplemented from time to time). (Agreement has been terminated.)
HI	Support Agreement between Hollinger Inc. and Ravelston Management Inc. dated as of March 10, 2003 (as amended, amended and restated, or otherwise modified or supplemented from time to time).

**Schedule IV to the
Second Priority Notes Security Agreement**

CHANGES IN NAME, LOCATION, ETC.

None.

Exhibit A to the
Second Priority Notes Security Agreement

FORM OF SECOND PRIORITY NOTES SECURITY AGREEMENT
SUPPLEMENT

[Date]

HSBC Bank USA, National Association,
as Trustee and Collateral Agent
under the Indenture referred to below

Attn: Corporate Trust

Hollinger Inc.

Ladies and Gentlemen:

Reference is made to (i) the Indenture dated as of September 30, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Second Priority Notes Indenture*"), among Hollinger Inc., (the "*Company*"), as the issuer of Second Priority Notes thereunder, Ravelston Management Inc., ("*RMF*"), 504468 N.B. Inc., ("*NBI*"), The Ravelston Corporation Limited, Sugra Limited, and HSBC Bank USA, National Association, as trustee and collateral agent (together with any successor appointed pursuant to the Second Priority Notes Indenture, the "*Second Priority Notes Collateral Agent*"), and (ii) the Second Priority Notes Security Agreement dated as of September 30, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Second Priority Notes Security Agreement*") made by the Grantors from time to time party thereto in favor of the Second Priority Notes Collateral Agent for the Second Priority Secured Parties (as defined therein). Terms defined in the Second Priority Notes Indenture or the Second Priority Notes Security Agreement and not otherwise defined herein are used herein as defined in the Second Priority Notes Indenture or the Second Priority Notes Security Agreement.

SECTION 1. Grant of Security. The undersigned hereby grants, assigns and transfers to the Second Priority Notes Collateral Agent, for the ratable benefit of the Second Priority Secured Parties, a second priority security interest in, all of its right, title and interest in and to all of the Collateral of the undersigned, whether now owned or hereafter acquired by the undersigned, wherever located and whether now or hereafter existing or arising, including, without limitation, the property and assets of the undersigned set forth on the attached supplemental schedules to the Schedules to the Second Priority Notes Security Agreement.

SECTION 2. Security for Obligations. The grant of a second priority security interest in, the Collateral by the undersigned under this Agreement Supplement

and the Second Priority Notes Security Agreement secures the payment of all obligations of the undersigned now or hereafter existing under or in respect of the Second Priority Note Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise. Without limiting the generality of the foregoing, this Second Priority Notes Security Agreement Supplement and the Second Priority Notes Security Agreement secures the payment of all amounts that constitute part of the Secured Obligations and that would be owed by the undersigned, whether incurred alone or with another or others and whether as principal, guarantor or surety, to any Secured Party under the Second Priority Note Documents but for the fact that such Secured Obligations are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Grantor or any Affiliate of a Grantor.

SECTION 3. Supplements to Second Priority Notes Security Agreement Schedules. The undersigned has attached hereto supplemental Schedules I through III to Schedules I through III, respectively, to the Second Priority Notes Security Agreement, and the undersigned hereby certifies, as of the date first above written, that such supplemental schedules have been prepared by the undersigned in substantially the form of the equivalent Schedules to the Second Priority Notes Security Agreement and are complete and correct.

SECTION 4. Representations and Warranties. The undersigned hereby makes each representation and warranty set forth in Section 8 of the Second Priority Notes Security Agreement (as supplemented by the attached supplemental schedules) to the same extent as each other Grantor.

SECTION 5. Obligations Under the Second Priority Notes Security Agreement. The undersigned hereby agrees, as of the date first above written, to be bound as a Grantor by all of the terms and provisions of the Second Priority Notes Security Agreement to the same extent as each of the other Grantors. The undersigned further agrees, as of the date first above written, that each reference in the Second Priority Notes Security Agreement to an "Additional Grantor" or a "Grantor" shall also mean and be a reference to the undersigned.

SECTION 6. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(a) The undersigned hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof; in any action or proceeding arising out of or relating to this Agreement or any of the other Second Priority Note Documents to which it is or is to be a party, or for recognition or enforcement of any judgment, and the undersigned hereby

irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The undersigned agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Second Priority Note Document shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any other Second Priority Note Document in the courts of any jurisdiction.

(b) The undersigned irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Second Priority Note Documents to which it is or is to be a party in any New York State or federal court. The undersigned hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court.

(c) The undersigned represents, warrants and agrees that, prior to the Closing Date, it will have appointed Corporation Service Company as its authorized agent (the "Authorized Agent", which term, as used herein, includes any successor in such capacity) upon whom process may be served in any such action, suit or proceeding arising out of, based on or relating to this Agreement or any of the transactions contemplated hereby. Such appointment shall, to the fullest extent it may effectively do so under applicable law, be irrevocable. The undersigned represents, warrants and agrees that, prior to the Closing Date, the Authorized Agent will have agreed to act as such agent for service of process and the undersigned agrees, to the fullest extent it may effectively do so under applicable law, to take any and all action, including the filing of any and all documents and instruments and the payment of all fees, that may be necessary to effect and to continue such appointment in full force and effect as aforesaid for so long as any of the Secured Obligations shall be outstanding and until the principal of, premium, if any and interest on, and any and all other amounts payable under or with respect to the Secured Obligations shall have been paid in full. The undersigned agrees, to the fullest extent it may effectively do so under applicable law, that service of process upon the Authorized Agent and written notice for such service to the undersigned (mailed or delivered to its Secretary at the address shown next to its name on the signature page of this Agreement) shall be deemed, in every respect, effective service of process upon the undersigned in any such action, suit or proceeding.

(d) In respect of any judgment or order given or made against the undersigned for any amount due hereunder that is expressed and paid in a currency (the "judgment currency") other than United States dollars, the undersigned will indemnify the Second Priority Notes Collateral Agent and each other Secured Party, from and against any and all loss incurred by such Secured Party as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of

exchange at which such Second Priority Secured Party is able to purchase United States dollars with the amount of judgment currency actually received by such Secured Party. The undersigned agrees, to the fullest extent it may effectively do so under applicable law, that the foregoing indemnity shall constitute a separate and independent obligation of the undersigned and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of or conversion into United States dollars.

(e) To the extent that the undersigned or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from (i) any legal action, suit or proceeding, (ii) setoff or counterclaim, (iii) the jurisdiction of any court, (iv) service process, (v) attachment upon or prior to judgment, (vi) attachment in aid of execution of judgment, (vii) execution of judgment, or (viii) other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which any action, suit or proceeding may at any time be commenced with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement, the undersigned, to the fullest extent it may effectively do so under applicable law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

(f) THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE SECOND PRIORITY NOTE DOCUMENTS, THE ADVANCES OR THE ACTIONS OF ANY SECURED PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

Very truly yours,

[NAME OF ADDITIONAL GRANTOR]

By _____
Title:

Address for notices:

Exhibit B to the
Second Priority Notes Security Agreement

**FORM OF ACCOUNT CONTROL AGREEMENT
(Deposit Account/Securities Account)**

ACCOUNT CONTROL AGREEMENT (this "*Agreement*") dated as of _____ among _____, a _____ (the "*Grantor*"), HSBC Bank USA, National Association, as Trustee and Collateral Agent (the "*Secured Party*"), and _____, a _____ ("_____ as securities intermediary and depository bank (the "*Account Holder*").

PRELIMINARY STATEMENTS:

(1) The Grantor has granted the Secured Party a second priority security interest (the "*Security Interest*") in the following accounts maintained by the Account Holder for the Grantor (each, an "*Account*" and collectively, the "*Accounts*"): _____

[Insert account numbers and other identifying information.]

(2) Terms defined in Article 8 or 9 of the Uniform Commercial Code in effect in the State of New York ("*N.Y. Uniform Commercial Code*") are used in this Agreement as such terms are defined in such Article 8 or 9.

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

SECTION 1. The Accounts. The Grantor and Account Holder represent and warrant to, and agrees with, the Secured Party that:

(a) The Account Holder maintains each Account for the Grantor, and all property (including, without limitation, all funds and financial assets) held by the Account Holder for the account of the Grantor are, and will continue to be, credited to an Account in accordance with instructions given by the Grantor (unless otherwise provided herein).

(b) To the extent that funds are credited to any Account, such Account is a deposit account; and to the extent that financial assets are credited to any Account, such Account is a securities account. The Account Holder is (i) the bank with which each Account that is a deposit account is maintained and (ii) the securities intermediary with respect to financial assets held in any Account that is a securities account. The Grantor is (x) the Account Holder's customer with respect to the Accounts and (y) the entitlement holder with respect to financial assets credited from time to time to any Account.

(c) Notwithstanding any other agreement to the contrary, the Account Holder's jurisdiction with respect to each Account for purposes of the N.Y. Uniform Commercial Code is, and will continue to be for so long as the Security Interest shall be in effect, the State of New York.

(d) Attached as Exhibit A hereto are statements of the respective Accounts as of the date hereof showing the property credited to each Account.

(e) The Grantor and Account Holder do not know of any claim to or interest in any Account or any property (including, without limitation, funds and financial assets) credited to any Account, except for claims and interests of the parties referred to in this Agreement.

SECTION 2. Confirmation of Grant of Security Interest. The Grantor hereby confirms that it has granted to the Secured Party a second priority security interest in the Accounts, all property credited thereto and all proceeds thereof, pursuant to the Second Priority Notes Security Agreement (the "*Security Agreement*") dated September 30, 2004 among the Grantor, the Secured Party, and certain other parties thereto. To the extent (and only to the extent) that such grant is for any reason found to be invalid, the Grantor hereby grants to the Secured Party a second priority security interest in the Accounts, all property credited thereto from time to time, all proceeds thereof, and all other property related thereto as more fully described in the Security Agreement, as security for the Secured Obligations (as defined in the Security Agreement).

SECTION 3. Control by Secured Party. The Account Holder will comply with (i) all instructions directing disposition of the funds in any and all of the Accounts, (ii) all notifications and entitlement orders that the Account Holder receives directing it to transfer or redeem any financial asset in any and all of the Accounts, and (iii) all other directions concerning any and all of the Accounts, including, without limitation, directions to distribute to the Secured Party proceeds of any such transfer or redemption or interest or dividends on property in any and all of the Accounts (any such instruction, notification or direction referred to in clause (i), (ii) or (iii) above being an "*Account Direction*"), in each case of clauses (i), (ii) and (iii) above originated by the Secured Party without further consent by the Grantor or any other person or entity.

SECTION 4. Grantor's Rights in Accounts.

(a) The Account Holder will comply with Account Directions and other directions concerning each Account originated by, and only by, the Secured Party.

(b) Until the Account Holder receives a notice from the Secured Party that the Secured Party will exercise exclusive control over any Account (a "*Notice of Exclusive Control*" with respect to such Account), the Account Holder may distribute to the Grantor all interest and regular cash dividends on property (including, without limitation, funds and financial assets) in such Account.

(c) If the Account Holder receives from the Secured Party a Notice of Exclusive Control with respect to any Account, the Account Holder will cease distributing to the Grantor all interest and dividends on property (including, without limitation, funds and financial assets) in such Account.

SECTION 5. Priority of Secured Party's Security Interest. (a) The Account Holder (i) subordinates to the Security Interest and in favor of the Secured Party any security interest, lien, or right of recoupment or setoff that the Account Holder may have, now or in the future, against any Account or property (including, without limitation, any funds and financial assets) credited to any Account, and (ii) agrees that it will not exercise any right in respect of any such security interest or lien or any such right of recoupment or setoff until the Security Interest is terminated, except that the Account Holder (A) will retain its prior security interest and lien on property credited to any Account, (B) may exercise any right in respect of such security interest or lien, and (C) may exercise any right of recoupment or setoff against any Account, in the case of clauses (A), (B) and (C) above, to secure or to satisfy, and only to secure or to satisfy, payment (x) for such property, (y) for its customary fees and expenses for the routine maintenance and operation of such Account, and (z) if such Account is a deposit account, for the face amount of any items that have been credited to such Account but are subsequently returned unpaid because of uncollected or insufficient funds.

(b) The Account Holder will not enter into any other agreement with any person or entity relating to Account Directions or other directions with respect to any Account.

SECTION 6. Statements, Confirmations, and Notices of Adverse Claims. (a) The Account Holder will send copies of all statements and confirmations for each Account simultaneously to the Secured Party and the Grantor.

(b) When the Account Holder knows of any claim or interest in any Account or any property (including, without limitation, funds and financial assets) credited to any Account other than the claims and interests of the parties referred to in this Agreement, the Account Holder will promptly notify the Secured Party and the Grantor of such claim or interest.

SECTION 7. The Account Holder's Responsibility. (a) Except for permitting a withdrawal, delivery, or payment in violation of Section 4, the Account Holder will not be liable to the Secured Party for complying with Account Directions or other directions concerning any Account from the Grantor that are received by the Account Holder before the Account Holder receives and has a reasonable opportunity to act on a Notice of Exclusive Control.

(b) The Account Holder will not be liable to the Grantor or the Secured Party for complying with a Notice of Exclusive Control or with an Account Direction or other direction concerning any Account originated by the Secured Party, even if the Grantor notifies the Account Holder that the Secured Party is not legally

entitled to issue the Notice of Exclusive Control or Account Direction or such other direction unless the Account Holder takes the action after it is served with an injunction, restraining order, or other legal process enjoining it from doing so, issued by a court of competent jurisdiction, and had a reasonable opportunity to act on the injunction, restraining order or other legal process.

(c) This Agreement does not create any obligation of the Account Holder except for those expressly set forth in this Agreement and, in the case of any Account that is a securities account, in Part 5 of Article 8 of the N.Y. Uniform Commercial Code and, in the case of any Account that is a deposit-account, in Article 4 of the N.Y. Uniform Commercial Code. In particular, the Account Holder need not investigate whether the Secured Party is entitled under the Secured Party's agreements with the Grantor to give an Account Direction or other direction concerning any Account or a Notice of Exclusive Control. The Account Holder may rely on notices and communications it believes given by the appropriate party.

SECTION 8. Indemnity. The Grantor will indemnify the Account Holder, its officers, directors, employees and agents against claims, liabilities and expenses arising out of this Agreement (including, without limitation, reasonable attorney's fees and disbursements), except to the extent the claims, liabilities or expenses are caused by the Account Holder's gross negligence or willful misconduct as found by a court of competent jurisdiction in a final, non-appealable judgment.

SECTION 9. Termination; Survival. (a) The Secured Party may terminate this Agreement by notice to the Account Holder and the Grantor. If the Secured Party notifies the Account Holder that the Security Interest has terminated, this Agreement will immediately terminate.

(b) The Account Holder may terminate this Agreement on 60 days' prior notice to the Secured Party and the Grantor, provided that before such termination the Account Holder and the Grantor shall make arrangements to transfer the property (including, without limitation, all funds and financial assets) credited to each Account to another Account Holder that shall have executed, together with the Grantor, a control agreement in favor of the Secured Party in respect of such property in substantially the form of this Agreement or otherwise in form and substance satisfactory to the Secured Party.

(c) Sections 7 and 8 will survive termination of this Agreement.

SECTION 10. Governing Law. This Agreement and each Account will be governed by the law of the State of New York. The Account Holder and the Grantor may not change the law governing any Account without the Secured Party's express prior written agreement.

SECTION 11. Entire Agreement. This Agreement is the entire agreement, and supersedes any prior agreements, and contemporaneous oral agreements, of the parties concerning its subject matter.

SECTION 12. Amendments. No amendment of, or waiver of a right under, this Agreement will be binding unless it is in writing and signed by the party to be charged.

SECTION 13. Financial Assets. The Account Holder agrees with the Secured Party and the Grantor that, to the fullest extent permitted by applicable law, all property (other than funds) credited from time to time to any Account will be treated as financial assets under Article 8 of the N.Y. Uniform Commercial Code.

SECTION 14. Notices. A notice or other communication to a party under this Agreement will be in writing (except that Account Directions may be given orally), will be sent to the party's address set forth under its name below or to such other address as the party may notify the other parties and will be effective on receipt.

SECTION 15. Binding Effect. This Agreement shall become effective when it shall have been executed by the Grantor, the Secured Party and the Account Holder, and thereafter shall be binding upon and inure to the benefit of the Grantor, the Secured Party and the Account Holder and their respective successors and assigns.

SECTION 16. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[NAME OF GRANTOR]

By: _____

Name: _____

Title: _____

Address: _____

HSBC Bank USA, National Association, as
Trustee and Collateral Agent

By: _____
Name: _____
Title: _____

Address: _____

[NAME OF ACCOUNT HOLDER]

By: _____
Name: _____
Title: _____

Address: _____

Exhibit C to the
Second Priority Notes Security Agreement

**CONSENT AND AGREEMENT OF
RAVELSTON MANAGEMENT INC.**

The undersigned hereby (a) acknowledges notice of, and consents to the terms and provision of, the Second Priority Notes Security Agreement dated as of September 30, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Second Priority Notes Security Agreement*", the terms defined therein being used herein as therein defined) among Hollinger Inc. and certain other grantors from time to time party thereto and HSBC Bank USA, National Association, as Trustee and Collateral Agent (the "*Second Priority Notes Collateral Agent*") for the Second Priority Secured Parties referred to therein, (b) consents in all respects to the pledge and assignment to the Second Priority Notes Collateral Agent of all of the Grantor's (as defined below) right, title and interest in, to and under the Assigned Agreement (as defined below) pursuant to the Second Priority Notes Security Agreement, (c) acknowledges that the Grantor has provided it with notice of the right of the Second Priority Notes Collateral Agent in the exercise of its rights and remedies under the Second Priority Notes Security Agreement to make all demands, give all notices, take all actions and exercise all rights of the Grantor under the Assigned Agreement, and (d) agrees with the Second Priority Notes Collateral Agent that:

(1) A true copy of the Support Agreement between the undersigned and Hollinger Inc. (the "*Grantor*") dated as of March 10, 2003 (the "*Assigned Agreement*"), including, without limitation, all amendments, modifications, restatements and supplements is attached hereto as Schedule I. The Assigned Agreement is in full force and effect and enforceable against the undersigned, and the undersigned is not aware of any default under the Assigned Agreement or any event that would give any party the right to terminate or rescind the Assigned Agreement. No prepayments have been made of any amounts to become due under the Assigned Agreement.

(2) The undersigned will make all payments to be made by it under or in connection with the Assigned Agreement *provided* that in the event that an Event of Default has occurred and is continuing, the undersigned will make payment of 100% of all amounts payable thereunder directly to the First Priority Notes Collateral Agent (as defined in the Second Priority Notes Security Agreement).

(3) All payments referred to in paragraph 2 above shall be made by the undersigned irrespective of, and without deduction for, any counterclaim, defense, recoupment or set-off and shall be final, and the undersigned will not seek to recover from any Secured Party for any reason any such payment once made.

(4) After the occurrence of an Event of Default which is continuing, the First Priority Notes Collateral Agent (as defined in the Second Priority Notes Security Agreement) or its designee shall be entitled to exercise any and all rights and remedies of the Grantor under the Assigned Agreement in accordance with the terms of the First Priority Notes Security Agreement (as defined in the Second Priority Notes Security Agreement), and the undersigned shall comply in all respects with such exercise.

(5) The undersigned will not, without the prior written consent of the Second Priority Notes Collateral Agent, except as required pursuant to the First Priority Notes Indenture (as defined in the Second Priority Notes Security Agreement) or the First Priority Notes Security Agreement (i) cancel or terminate the Assigned Agreement or consent to or accept any cancellation or termination thereof, or (ii) amend, amend and restate, supplement or otherwise modify the Assigned Agreement, except, in each case, to the extent otherwise permitted under the Second Priority Note Documents referred to in the Second Priority Notes Security Agreement.

(6) Except as required pursuant to the First Priority Notes Indenture or the First Priority Notes Security Agreement, in the event of a default by the Grantor in the performance of any of its obligations under the Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the undersigned to terminate or suspend its obligations under the Assigned Agreement, the undersigned shall not terminate the Assigned Agreement until it first gives the First Priority Notes Collateral Agent written notice of the default and permits the First Priority Notes Collateral Agent to cure the default within a period of 30 days after the later of (i) notice of default having been given to the First Priority Notes Collateral Agent by the undersigned and (ii) the expiration of the applicable cure period provided in the Assigned Agreement for the Grantor to cure the default.

(7) The undersigned shall deliver to the Second Priority Notes Collateral Agent, concurrently with the delivery thereof to the Grantor, a copy of each notice, request or demand given by the undersigned pursuant to the Assigned Agreement.

(8) Except as specifically provided in this Consent and Agreement, neither the Second Priority Notes Collateral Agent nor any other Second Priority Secured Party shall have any liability or obligation under the Assigned Agreement as a result of this Consent and Agreement, the Second Priority Notes Security Agreement or otherwise.

(9) Upon the enforcement of the First Priority Notes Security Agreement by the First Priority Notes Collateral Agent and the transfer of the Assigned Agreement to a transferee, the undersigned will recognize the transferee as the counterparty to the Assigned Agreement in the place and stead of the Grantor.

This Consent and Agreement shall be binding upon the undersigned and its successors and assigns, and shall inure, together with the rights and remedies of the Second Priority Notes Collateral Agent hereunder, to the benefit of the Second Priority Secured Parties and their successors, transferees and assigns. This Consent and Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has duly executed this
Consent and Agreement as of the date set opposite its name below.

Dated: September __, 2004

RAVELSTON MANAGEMENT INC.

By _____

Name:

Title:

Schedule I

NY12528:205380.7

EXHIBIT “K”

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FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Sun-Times Media Group, Inc. (the "Company")
350 North Orleans Street
Floor 10 South
Chicago, IL 60654-1771

2. Date of Material Change

December 13, 2006

3. News Release

Attached as Schedule A is a copy of the news release issued by the Company on December 13, 2006 via CNW Group Ltd.

4. Summary of Material Change

Sun-Times Media Group, Inc. announced that its Board of Directors has completed its previously announced review of its dividend policy and has voted to suspend the Company's quarterly dividend of five cents (\$0.05) per share.

The Company's Board of Directors has determined that it is not prudent to pay a dividend at this time in light of the significant shortfall in operating performance and cash flow due to ongoing weakness in the Chicago advertising market, as well as the Company's continued exposure to contingent tax liabilities, the final outcome of which remains uncertain. The Board will reconsider regular dividend payments and other forms of cash distribution to shareholders, as appropriate, taking into account operating performance and the status of the Company's contingent tax liabilities.

5. Full Description of Material Change

See attached Schedule A.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Gregory A. Stoklosa
Vice President and Chief Financial Officer
T: 312-321-3821

9. Date of Report

December 21, 2006

Schedule A

SUN-TIMES MEDIA GROUP TO SUSPEND QUARTERLY DIVIDEND

Chicago, Illinois, December 13, 2006 – Sun-Times Media Group, Inc. (NYSE:SVN) today announced that its Board of Directors has completed its previously announced review of its dividend policy and has voted to suspend the Company's quarterly dividend of five cents (\$0.05) per share.

The Company's Board of Directors has determined that it is not prudent to pay a dividend at this time in light of the significant shortfall in operating performance and cash flow due to ongoing weakness in the Chicago advertising market, as well as the Company's continued exposure to contingent tax liabilities, the final outcome of which remains uncertain. The Board will reconsider regular dividend payments and other forms of cash distribution to shareholders, as appropriate, taking into account operating performance and the status of the Company's contingent tax liabilities.

About Sun-Times Media Group

Sun-Times Media Group, formerly known as Hollinger International, is dedicated to being the premier source of local news and information for the greater Chicago area. Its media properties include the Chicago Sun-Times and Suntimes.com as well as newspapers and websites serving 120 communities across Chicago. Further information can be found at www.thesuntimesgroup.com.

Cautionary Statement on Forward-Looking Statements: Certain statements made in this release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result" or similar words or phrases. Forward-looking statements involve risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. The risks and uncertainties are detailed from time to time in reports filed by Sun-Times Media Group with the Securities and Exchange Commission, including in its Forms 10-K and 10-Q. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Contacts:

Molly Morse / Jeremy Fielding
Kekst and Company
212-521-4826/4825
molly-morse@kekst.com / jeremy-fielding@kekst.com

EXHIBIT “G”

EXECUTION COPY

HOLLINGER INC.

11.875% Senior Secured Notes due 2011

Unconditionally Guaranteed by

RAVELSTON MANAGEMENT INC. and

504468 N.B. INC.

INDENTURE

Dated as of March 10, 2003

WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION,

Trustee

THE RAVELSTON CORPORATION LIMITED

SUGRA LIMITED

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SCHEDULE 1 – Permitted Indebtedness

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EXHIBIT F – International Subordination Agreement

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CROSS-REFERENCE TABLE

<u>TRUST INDENTURE ACT</u>		<u>SECTION</u>	<u>INDENTURE SECTION</u>
310	(a) (1)		6.09
	(a) (2)	.....	6.09
	(a) (5)	.....	6.11; 6.12
	(b)	.....	6.08; 6.10
311	(a)	.....	6.13
	(b)	.....	6.13
312	(a)	.....	7.01
	(c)	.....	7.02
313	(a)	.....	7.03
	(c)	.....	7.03
314	(a) (1)	.....	7.04(a)
	(a) (2)	.....	7.04(b)
	(a) (3)	.....	7.04(c)
	(a) (4)	.....	10.18
	(b) (1)	.....	14.03(a)
	(b) (2)	.....	14.03(b)
	(c) (1)	.....	1.03
	(c) (2)	.....	1.03
	(e)	.....	1.03
315	(a)	.....	6.01(b)
	(b)	.....	6.02
	(c)	.....	6.01(a)
	(d)	.....	6.01(c)
	(e)	.....	5.14
316	(a) (last sentence)	.....	1.01 ("Outstanding")
	(a) (1) (A)	.....	5.12
	(a) (1) (B)	.....	5.13
	(b)	.....	5.08
	(c)	.....	9.07
317	(a) (1)	.....	5.03
	(a) (2)	.....	5.04
	(b)	.....	10.03
318	(a)	.....	1.08

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of this Indenture.

INDENTURE, dated as of March 10, 2003, among HOLLINGER INC., a corporation incorporated under the Canada Business Corporation Act (as more fully defined below, the "Company"), RAVELSTON MANAGEMENT INC., a corporation incorporated under the laws of the Province of Ontario, as guarantor ("RMI"), 504468 N.B. INC., an indirect wholly owned subsidiary of the Company organized under the laws of the Province of New Brunswick, as guarantor ("NBI" and, together with RMI, as more fully defined below, the "Note Guarantors"), THE RAVELSTON CORPORATION LIMITED, a corporation incorporated under the laws of the Province of Ontario ("RCL"), SUGRA LIMITED, a wholly owned subsidiary of the Company organized under the laws of the Province of Ontario ("Sugra"), and WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Trustee").

RECITALS

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of its senior secured notes, to be issued pursuant to Articles II and III hereof or a supplemental indenture (each a "Note" and collectively the "Notes").

Each of the Note Guarantors has duly authorized the issuance of a guarantee (the "Guarantee") of the Notes, of substantially the tenor as hereinafter set forth, and to provide therefor, each of the Note Guarantors has duly authorized the execution and delivery of this Indenture in its capacity as a Note Guarantor hereunder.

Each of RCL and Sugra has duly authorized the execution and delivery of this Indenture to provide certain covenants with respect to the Notes.

This Indenture is subject to, and shall be governed by, the provisions of the Trust Indenture Act that are required to be part of and to govern indentures qualified under the Trust Indenture Act.

All acts and things necessary have been done to make (i) the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company and (ii) this Indenture a valid agreement of the Company, RCL, Sugra and the Note Guarantors in accordance with the terms of this Indenture.

NOW, THEREFORE, in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE I

Definitions and Other Provisions of General Application

SECTION 1.01. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;
- (b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;
- (d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and
- (e) all references to Cdn. \$ shall refer to the lawful currency of Canada and all references to \$, including U.S. dollars or United States dollars, shall refer to the lawful currency of the United States of America. In all events, all payments to be made hereunder shall be made in United States dollars.

The following terms shall have the meanings set forth in this Section:

"Acceleration Right" means a right, which at the time is immediately exercisable (without further notice or lapse of time), by the holders or a trustee to cause the acceleration of the maturity of Indebtedness of the Company or a Restricted Subsidiary having an aggregate principal amount outstanding of at least \$2,500,000.

"Acquired Indebtedness" means Indebtedness of a Person (including an Unrestricted Subsidiary) (i) existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition. Acquired Indebtedness will be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Restricted Subsidiary.

"Additional Note Board Resolutions" means resolutions that are duly adopted by the Board of Directors of the Company and delivered to the Trustee in an Officers' Certificate providing for the issuance of Additional Notes.

"Additional Note Supplemental Indenture" means a supplement to this Indenture duly executed and delivered by the Company, the Note Guarantors, RCL, Sugra and the Trustee pursuant to Article IX providing for the issuance of Additional Notes.

"Additional Notes" means additional Notes of up to an amount equal to the difference between (i) \$150 million and (ii) the aggregate principal amount of Notes originally issued as of the Issue Date, such difference to exclude the aggregate principal amount of any replacement Notes and any Exchange Notes as specified in the relevant Additional Note Board Resolutions or Additional Note Supplemental Indenture issued therefor in accordance with this Indenture.

"Adjusted Net Cash Flow" means, for any period, the Net Cash Flow plus the Annual Support Amount.

"Affiliate" means, with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person that owns, directly or indirectly, 10% or more of such Person's equity ownership or Voting Stock or any officer or director of any such Person, or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the relevant agent bank under any Credit Facility established by the Company, and such agent bank's successors and assigns.

"Annual Support Amount" has the meaning set forth in the Support Agreement.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, amalgamation, consolidation or sale and leaseback transaction but not the grant of a pledge or security interest) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of (i) any Capital Stock of any Restricted Subsidiary; (ii) all or substantially all of the properties and assets of any division or line of business of the Company or any of its Restricted Subsidiaries; or (iii) any other properties or assets (other than cash) of the Company or any Restricted Subsidiary, other than in the ordinary course of business. For the purposes of this definition, the term "Asset Sale" shall not include (A) any transfer of properties and assets, in a single transaction or series of related transactions, that is governed by the provisions of Article VIII, (B) any transfer of properties and assets from any Restricted Subsidiary to the Company in accordance with the terms of this Indenture, (C) any transfer of properties and assets, in a single transaction or series of related transactions, having a market value of less than \$1,000,000 (it being understood that, if the market value of the properties or assets being transferred exceeds \$1,000,000, the entire value and not just the portion in excess of \$1,000,000 shall be deemed to have been the subject of an Asset Sale), (D) any transfer of properties and assets which are obsolete (in the case of equipment) to the Company's and its Restricted Subsidiaries' businesses, (E) any transfer of properties and assets to any Restricted Subsidiary, (F) any transfer of properties and assets from any Restricted Subsidiary to any other Restricted Subsidiary, and (G) any release of the Senior Notes Collateral permitted under and made in accordance with the provisions hereof or of the Security Documents.

"Average Life to Stated Maturity" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the product of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

"Bankruptcy Law" means Title Eleven of the United States Code, as amended, or any similar United States federal or state or foreign law (including, without limitation, the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada)) relating to bankruptcy, insolvency, receivership, winding-up, liquidation, consolidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"Board of Directors" means the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a copy of a resolution certified by an Officer of the Company to have been duly adopted by such Board of Directors of the Company or a duly authorized committee of such board and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York, or the city in which the principal corporate trust office of the Trustee is located (initially Wilmington, Delaware), are authorized or obligated by law or executive order to close.

"Business Opportunities Agreement" means the Business Opportunities Agreement dated as of February 7, 1996, between the Company and Hollinger International and any amendment, modification or supplement thereto or restatement thereof and any similar agreements entered into after the date of the original issuance of the Notes in accordance with the terms of this Indenture.

"Capital Lease Obligation" of any Person means any obligation of such Person and its subsidiaries on a consolidated basis under any capital lease of real or personal property, which, in accordance with GAAP, has been recorded as a capitalized lease obligation.

"Capital Stock" of any Person means any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock and options, warrants or other rights to acquire such Person's capital stock.

"Cash Equivalents" means (i) any evidence of Indebtedness with a maturity of 180 days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States of America is pledged in support thereof); (ii) certificates of deposit or acceptances with a maturity of 180 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$500,000,000; (iii) commercial paper with a maturity of 180 days or less issued by a corporation that is not an Affiliate of the Company organized under the laws of any state of the United States or the District of Columbia and rated A-1 (or higher) according to S&P or P-1 (or higher) according to Moody's or at least an equivalent rating category of another nationally recognized securities rating agency; (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of \$500,000,000; and (v) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or

unconditionally guaranteed by the government of the United States of America or issued by any agency thereof and backed by the full faith and credit of the United States of America, in each case maturing within 180 days from the date of acquisition; *provided* that the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985.

"Certificated Note" means any Note issued in registered certificated form (other than a Global Note), which shall be substantially in the form of Exhibit A, with appropriate legends as specified in Section 3.05 and Exhibit A.

"Change of Control" means the occurrence of any of the following:

(a) there is a report filed on Schedule 13D, 14D-1 or 14D-1F (or any successor schedule, form or report) pursuant to the Exchange Act, disclosing that any person (for purposes of this definition, as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision to either of the foregoing), other than any person consisting solely of Lord Black (or his heirs, executors or legal representatives) and his Affiliates, has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of Voting Stock representing 50% or more of the total voting power attached to all Voting Stock of the Company or RMI then outstanding; *provided, however*, that a person shall not be deemed to be the beneficial owner of, or to own beneficially, (i) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates until such tendered securities are accepted for purchase or exchange thereunder, or (ii) any securities if such beneficial ownership (A) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to applicable law, and (B) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act;

(b) there is a report filed or required to be filed with any securities commission or securities regulatory authority in Canada, disclosing (expressly or otherwise) that any offeror (as the term "offeror" is defined in Section 89(1) of the Securities Act (Ontario) for the purpose of Section 101 of such Securities Act or any successor provision of the foregoing and which term shall include, for greater certainty, any person who directly or indirectly acquires beneficial ownership within the meaning of such Securities Act of, or control or direction over, voting or equity securities of the Company), other than any person consisting solely of Lord Black (or his heirs, executors or legal representatives) and his Affiliates, has directly or indirectly acquired beneficial ownership (within the meaning of the Securities Act (Ontario)) of, or the power to exercise control or direction over, voting or equity securities, or securities convertible into voting or equity securities, of the Company that together with such offeror's securities (as the term "offeror's securities" is defined in Section 89(1) of the Securities Act (Ontario) or any successor provision thereto in relation to the voting or equity shares of the Company) would constitute Voting Stock of the Company representing 50% or

more of the total voting power attached to all Voting Stock of the Company then outstanding;

(c) any person, other than any person consisting solely of Lord Black (or his heirs, executors or legal representatives) and his Affiliates, directly or indirectly acquires beneficial ownership (within the meaning of the Securities Act (Ontario)) of, or the power to exercise control or direction over, voting or equity securities, or securities convertible into voting or equity securities, of RMI that together with such person's securities (the term "person's securities" to have the same meaning as "offeror's securities" as defined in Section 89(1) of the Securities Act (Ontario) or any successor provision thereto in relation to the voting or equity shares of the RMI) would constitute Voting Stock of RMI representing 50% or more of the total voting power attached to all Voting Stock of RMI then outstanding;

(d) there is consummated a consolidation (involving a business combination), merger or amalgamation of the Company or RMI, as the case may be, (i) in which the Company or RMI, as the case may be, is not the continuing or surviving corporation or (ii) pursuant to which any Voting Stock of the Company or RMI, as the case may be, would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) a consolidation, merger or amalgamation of the Company or RMI, as the case may be, in which the holders of the Voting Stock of the Company or RMI, as the case may be, immediately prior to the consolidation, merger or amalgamation have, directly or indirectly, 50% or more of the Voting Stock of the continuing or surviving corporation immediately after such transaction;

(e) during any period of 12 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Company or RMI (together with any new directors whose election by such Board of Directors, or whose nomination for election by the stockholders of the Company or RMI, as the case may be, was approved by a vote of at least a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; or

(f) Lord Black (or his heirs, executors and legal representatives) and his Affiliates cease to beneficially own and control the voting of, directly or indirectly, Voting Stock of the Company or RMI representing a greater percentage of the total voting power attached to the Voting Stock of the Company or RMI than the percentage beneficially owned and controlled, directly or indirectly, by any other single shareholder of the Company or RMI together with its Affiliates (a "Designated Transaction") and there shall occur a Rating Decline.

For purposes hereof, "Rating Decline" means an event that will be deemed to have occurred if, on any date within the period (the "Rating Period") beginning on the date (the "Reference Date") of the earlier to occur of (A) the first public announcement by the Company or any other Person of an intention to effect any Designated Transaction and (B) the occurrence of such Designated Transaction, and ending on the date 90 days thereafter, either of the

following events has occurred: (1) the Notes (or any other securities of the Company which are rated by a Rating Agency on the date which is 61 days prior to the Reference Date (the "Rating Date") shall be rated by any Rating Agency at any time during the Rating Period at a rating which is lower than the rating of the Notes (or such other securities of the Company, as the case may be) by such Rating Agency on the Rating Date by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) or (2) any Rating Agency shall have withdrawn its rating of the Notes (or such other securities of the Company, as the case may be) during the Rating Period.

"Class A Common Stock" means the Class A common stock, par value \$0.01 per share, of Hollinger International.

"Class B Common Stock" means the Class B common stock, par value \$0.01 per share, of Hollinger International.

"Class B Shares" means the 14,990,000 shares of Class B Common Stock pledged pursuant to the Security Agreement as security for the Company's obligations under the Notes and NBI's obligations under the NBI Guarantee, as such number may be adjusted from time to time as permitted by this Indenture or the Security Agreement.

"Code" means the Internal Revenue of 1986, as amended.

"Collateral" means any property, assets, proceeds or other items that may be pledged as security for the Notes, whether pursuant to Section 10.11, Article XIV or otherwise.

"Collateral Account" means a collateral account established by the Company with the Collateral Agent or another financial institution pursuant to and in accordance with the Security Agreement.

"Collateral Agent" means the collateral agent under the Indenture, the Intercreditor Agreement and the Security Agreement, which initially shall be the Trustee, acting in its capacity as Collateral Agent under such agreements on behalf of and for the benefit of the Trustee and the Holders.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means Hollinger Inc., a corporation incorporated under the Canada Business Corporation Act, until a successor Person shall have become such pursuant to Article VIII of this Indenture and thereafter "Company" shall mean such successor Person. To the extent necessary to comply with the requirements of the provisions of Trust Indenture Act Sections 310 through 317 as they are applicable to the Company, the term "Company" shall include any other obligor with respect to the Notes for purposes of complying with such provisions, including any Note Guarantor.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any one of its Chairman of the Board, its Vice Chairman, its President or a Vice President (regardless of Vice Presidential designation), and by any one of its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and in form and substance reasonably satisfactory to the Trustee and delivered to the Trustee.

"Consolidated Assets" means, with respect to the Company, the total assets shown on the balance sheet of the Company and its Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP, as of the Company's latest full fiscal quarter.

"Consolidated Interest Expense" means, with respect to any period, the sum of (i) the interest expense of the Company and the Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with GAAP (other than any dividends paid by the Company on the Series II Preferred Shares and Series III Preferred Shares or any Capital Stock issued in replacement therefor), including, without limitation, (a) amortization of debt discount, (b) the net payments, if any, under interest rate contracts (including amortization of discounts), (c) the interest portion of any deferred payment obligation and (d) accrued interest, plus (ii) the interest component of Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company and the Restricted Subsidiaries during such period, and all capitalized interest of the Company and the Restricted Subsidiaries, in each case as determined on a Consolidated basis in accordance with GAAP.

"Consolidated Net Worth" means the common and preferred stockholders' equity of the Company and its Restricted Subsidiaries (exclusive of any redeemable capital stock), as determined on a Consolidated basis and in accordance with GAAP.

"Consolidation" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP; *provided, however*, that the accounts of any Unrestricted Subsidiary shall not be consolidated with the Company but instead the interest of the Company or any Restricted Subsidiary therein will be accounted for as an investment on an equity basis. The term "Consolidated" shall have a correlative meaning.

"Contribution Agreement" means the contribution agreement among RCL, RMI and the Company to be dated the date hereof.

"Corporate Trust Office" means the office of the Trustee or an affiliate or agent thereof at which at any particular time the corporate trust business for the purposes of this Indenture shall be principally administered, which office at the date of execution of this Indenture is located at 920 King Street, Suite 102, Wilmington, DE 19801.

"Coverage Ratio" means, with respect to the Company and its Restricted Subsidiaries, the ratio of (x) the sum of Adjusted Net Cash Flow and Consolidated Interest Expense, to (y) the Consolidated Interest Expense for the preceding four quarter period.

"Credit Facility" means an agreement that the Company and NBI may enter into with one or more Canadian chartered banks and other financial institutions with respect to a

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any one of its Chairman of the Board, its Vice Chairman, its President or a Vice President (regardless of Vice Presidential designation), and by any one of its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and in form and substance reasonably satisfactory to the Trustee and delivered to the Trustee.

"Consolidated Assets" means, with respect to the Company, the total assets shown on the balance sheet of the Company and its Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP, as of the Company's latest full fiscal quarter.

"Consolidated Interest Expense" means, with respect to any period, the sum of (i) the interest expense of the Company and the Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with GAAP (other than any dividends paid by the Company on the Series II Preferred Shares and Series III Preferred Shares or any Capital Stock issued in replacement therefor), including, without limitation, (a) amortization of debt discount, (b) the net payments, if any, under interest rate contracts (including amortization of discounts), (c) the interest portion of any deferred payment obligation and (d) accrued interest, plus (ii) the interest component of Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company and the Restricted Subsidiaries during such period, and all capitalized interest of the Company and the Restricted Subsidiaries, in each case as determined on a Consolidated basis in accordance with GAAP.

"Consolidated Net Worth" means the common and preferred stockholders' equity of the Company and its Restricted Subsidiaries (exclusive of any redeemable capital stock), as determined on a Consolidated basis and in accordance with GAAP.

"Consolidation" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP; *provided, however*, that the accounts of any Unrestricted Subsidiary shall not be consolidated with the Company but instead the interest of the Company or any Restricted Subsidiary therein will be accounted for as an investment on an equity basis. The term "Consolidated" shall have a correlative meaning.

"Contribution Agreement" means the contribution agreement among RCL, RMI and the Company to be dated the date hereof.

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"Coverage Ratio" means, with respect to the Company and its Restricted Subsidiaries, the ratio of (x) the sum of Adjusted Net Cash Flow and Consolidated Interest Expense, to (y) the Consolidated Interest Expense for the preceding four quarter period.

"Credit Facility" means an agreement that the Company and NBI may enter into with one or more Canadian chartered banks and other financial institutions with respect to a

credit facility providing for up to Cdn. \$15 million in borrowings by the Company and NBI on a revolving line of credit basis, which borrowings may (i) at the option of the Company and subject to such conditions as may be set forth in such agreement, be converted into a term loan having an Average Life to Stated Maturity and Stated Maturity sooner than those of the Notes, *provided* that at the time of such conversion no Default or Event of Default under the Notes or the Credit Facility has occurred and is continuing, and (ii) be secured by a first priority lien on any of the assets, properties and rights of the Company or NBI not pledged as collateral for the Notes pursuant to the Security Agreement, as such credit agreement may be amended, amended and restated, renewed, extended, substituted, refinanced, restructured, replaced, supplemented, waived, deferred or otherwise modified from time to time, in each case whether with the same and/or different lenders, and also including all related guarantees, security or pledge arrangements, hedging arrangements and other instruments and agreements executed in connection therewith; *provided further* that the Agent, any collateral agent and each lender under such Credit Facility shall, concurrently with the execution and delivery of such credit agreement have executed and delivered an Intercreditor Agreement.

"Currency Agreements" means one or more of the following agreements which shall be entered into with one or more financial institutions: foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against fluctuations in currency values.

"Current Market Price" means, with respect to any share of Class A Common Stock or Class B Common Stock of Hollinger International on any date, the simple average of the daily closing prices for the 45 consecutive Trading Days ending on the date of determination or the date on which any of the Pledged Share Collateral is to be released as permitted under Section 14.04(a)(ii) or (v) of this Indenture, as the context requires. The closing price for each day shall be the last reported sales price of the Class A Common Stock or, in case no such reported sale takes place on such date, the average of the reported closing bid and asked prices of the Class A Common Stock in either case on the New York Stock Exchange (the "NYSE") or, if the Class A Common Stock is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which the Class A Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, the closing sales price of the Class A Common Stock as quoted by NASDAQ or, in case no reported sale takes place, the average of the closing bid and asked prices as quoted by NASDAQ or any comparable system or, if the Class A Common Stock is not quoted on NASDAQ or any comparable system, the closing sales price or, in case no reported sale takes place, the average of the closing bid and asked prices, as furnished by any two members of the National Association of Securities Dealers, Inc. selected from time to time by the Company for that purpose. If no such prices are available, the Current Market Price per share shall be the fair value of a share of Class A Common Stock as determined by the Independent Directors of the Company.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Class A Shares" means the 10,108,302 Class A Common Stock pledged as security for the Company's obligations under the Notes pursuant to the Security

Agreement, as such number may be adjusted from time to time as permitted by this Indenture or the Security Agreement.

"Designated Transaction" shall have the meaning assigned to such term in paragraph (f) of the "Change of Control" definition.

"Distribution Compliance Period" means, in respect of any Regulation S Global Note, the 40 consecutive days beginning on and including the later of (a) the day on which any Notes represented thereby are offered to persons other than distributors (as defined in Regulation S under the Securities Act) pursuant to Regulation S and (b) the issue date for such Notes.

"Dividend Offset Amount" means the excess of any Net Dividend Amount received by the Company and NBI in the relevant fiscal year over \$4.65 million.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time of determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination.

"DTC" means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company that is a clearing agency registered under the Exchange Act.

"Event of Default" has the meaning specified in Article V.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Notes" means debt securities of the Company, guaranteed by Hollinger International, substantially identical in all material respects to the Notes (except that the additional interest provisions and the transfer restrictions pertaining to the Notes will be modified or eliminated, as appropriate), to be issued pursuant to this Indenture.

"Exchange Offer Registration Statement" shall have the meaning assigned to such term in the Issue Date Registration Rights Agreement and any other Registration Rights Agreement.

"Floor Amount" means \$14,000,000 in each fiscal year, less (i) the aggregate amount of management fees paid in cash by Hollinger International and its subsidiaries directly to the Company or to its Wholly Owned Restricted Subsidiaries in such fiscal year, and (ii) any Dividend Offset Amount in such fiscal year. With respect to any period that is less than a fiscal year, the Floor Amount shall be calculated pro rata by reference to the number of days in such period, computed on the basis of a 360-day year of twelve 30-day months.

"Generally Accepted Accounting Principles" or "GAAP" means generally accepted accounting principles in Canada, consistently applied, which are in effect on the date of this Indenture.

"Global Note" means any Note issued in registered certificated form to DTC (or its nominee), as depositary for the beneficial owners thereof, which shall be substantially in the form of Exhibit A, with appropriate legends as specified in Section 3.05 and Exhibit A.

"Guaranteed Debt" of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of "Indebtedness" guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness (or to indemnify another Person for the costs thereof), (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered), (iv) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor, or (v) otherwise to assure a creditor against loss, *provided* that the term "guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Guarantee Obligations" means the obligations of the Guarantors under the Indenture, the Notes and the Guarantees to pay principal, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with this Indenture and the Notes, and the performance of all other obligations to the Trustee, the Paying Agent and the Holders under this Indenture and the Notes, according to the terms thereof.

"Guarantees" means the RMI Guarantee and the NBI Guarantee and, if the context requires, the guarantee by any Restricted Subsidiary of the Indenture Obligations.

"HCPH" means Hollinger Canadian Publishing Holdings Co., a subsidiary of Hollinger International organized under the laws of the Province of Nova Scotia.

"Holder" means a Person in whose name a Note is registered in the Note Register.

"Hollinger International" means Hollinger International Inc., a corporation incorporated under the laws of Delaware.

"Incur" means create, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise incur.

"Indebtedness" means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (or other obligations to former owners of acquired businesses), excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities and in connection with any agreement to purchase, redeem, exchange, convert or otherwise acquire for value any Capital Stock of such Person, or any warrants, rights or options to acquire such Capital Stock, now or hereafter outstanding, (ii) all obligations of such

Person evidenced by bonds, notes, debentures or other similar instruments, (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business, (iv) all obligations under Interest Rate Agreements and Currency Agreements of such Person related to the settlement or termination of those agreements as of the date of determination, (v) all Capital Lease Obligations of such Person, (vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, (vii) all Guaranteed Debt of such Person, (viii) all Redeemable Capital Stock and (without duplication) all Preferred Stock of Restricted Subsidiaries other than Preferred Stock held by Restricted Subsidiaries or the Company, valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends, and (ix) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any Indebtedness of the types referred to in clauses (i) through (viii) above. For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock or Preferred Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock or Preferred Stock as if such Redeemable Capital Stock or Preferred Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Redeemable Capital Stock or Preferred Stock, such fair market value to be determined in good faith by the Board of Directors of such Person.

"Indenture" means this instrument as originally executed (including all exhibits and schedules hereto) and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the Notes established as contemplated by Section 2.01.

"Indenture Obligations" means the obligations of the Company under this Indenture or under the Notes to pay principal, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with this Indenture and the Notes, and the performance of all other obligations to the Trustee, the Paying Agent and the Holders under this Indenture and the Notes, according to the terms thereof.

"Independent Director" means a member of the board of directors of a Person that is not an officer, employee or former officer or employee of such Person or one of its Affiliates and, with respect to any transaction or series of related transactions, a member of the board of directors who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions (including for such purpose the interest of any other Person with respect to whom such director is also a director, officer or employee).

"Intercreditor Agreement" means an intercreditor agreement among the Trustee, the Collateral Agent, the Agent, and any collateral agent and lenders under the Credit Facility, substantially in the form attached as Exhibit E to this Indenture; provided, however that (i) any

variations from Exhibit E, taken as a whole, shall not be materially less favorable to the Trustee, Collateral Agent and the Holders than the terms and conditions reflected in Exhibit E and (ii) the Company and the Note Guarantors shall, at the time such Intercreditor Agreement is entered into, have delivered to the Trustee and the Collateral Agent an Opinion of Counsel confirming the matters set forth in clause (i) of this proviso and such other matters as this Indenture may require and as the Trustee or Collateral Agent may request.

"Interest Payment Date" means the Stated Maturity of a regular installment of interest on the Notes or the Special Payment Date with respect to Defaulted Interest.

"Interest Rate Agreements" means one or more of the following agreements which shall be entered into from time to time with one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements.

"International Intercompany Note" means that certain Amended Promissory Note dated as of the Issue Date from NBI to Hollinger International in the principal amount of \$20,349,216.49 (being the Indebtedness owed by NBI after giving effect to the offset, in the form of the purchase price payable by Hollinger International to NBI in respect of the Share Cancellation Transaction, against the original amount of Indebtedness owed by NBI to Hollinger International prior to the Issue Date, plus accrued and unpaid interest thereon through the Issue Date). The International Intercompany Note (x) shall (i) be deemed to include any promissory note(s) issued by NBI to Hollinger International from time to time in payment of interest accrued on the Amended Promissory Note (and on any such notes previously issued in payment of interest) and (ii) have (A) a Stated Maturity occurring later than the Stated Maturity of the Notes and (B) an Average Life to Stated Maturity greater than the Average Life to Stated Maturity of the Notes, and (y) may be assigned by Hollinger International to any of its Affiliates, *provided* that no such assignment may be made as an offset against any payments due by Hollinger International or HCPH to RMI under the Services Agreements, *provided further* that any such Affiliate assignee of the International Intercompany Note shall agree to be bound by the International Subordination Agreement with the same effect as if it had originally been a party thereto.

"International Subordination Agreement" means a Subordination Agreement in the form attached hereto as Exhibit F whereby the Company, NBI and Hollinger International (or, as applicable, any transferee Affiliate of Hollinger International to the extent permitted under the definition of "International Intercompany Note") agree that any Indebtedness owed by the Company and NBI to Hollinger International (or such transferee) under or in respect of the International Intercompany Note shall be expressly subordinated in right of payment to the Notes.

"Investment" means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by, any other

Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Issue Date" means the first date of issuance of Notes under this Indenture.

"Issue Date Notes" means the \$120,000,000 aggregate principal amount of Notes originally issued on the Issue Date, and any replacement Notes, Private Exchange Notes and Exchange Notes issued therefor in accordance with this Indenture.

"Issue Date Registration Rights Agreement" means the Registration Rights Agreement dated March 5, 2003 by and among the Company, the Note Guarantors and Wachovia Securities, Inc., as initial purchaser.

"Lien" means any mortgage, charge, pledge, lien (statutory or otherwise), security interest, hypothecation or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired.

"Lord Black" means Lord Black of Crossharbour, PC(C), OC, KCSG.

"Material Restricted Subsidiary" means each Restricted Subsidiary of the Company which (i) for the most recent fiscal year of the Company accounted for more than 5% of the Consolidated revenues of the Company and its Restricted Subsidiaries or (ii) at the end of such fiscal year was the owner (beneficial or otherwise) of more than 5% of the Consolidated Assets of the Company and its Restricted Subsidiaries, all as shown on the Company's Consolidated financial statements for such fiscal year.

"Maturity" when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein provided or as provided in this Indenture, whether at Stated Maturity, the Purchase Date or the Redemption Date and whether by declaration of acceleration, Offer in respect of Excess Proceeds, Change of Control, call for redemption or otherwise.

"NBI" means 504468 N.B. Inc., an indirect wholly owned subsidiary of the Company organized under the laws of the Province of New Brunswick.

"NBI Guarantee" means the guarantee by NBI of the Indenture Obligations.

"Negative Net Cash Flow" means Net Cash Flow that is less than zero.

"Net Cash Flow" means, for any period, Net Income *plus*, without duplication, (i) the amount of all non-cash items reducing Net Income, (ii) all amounts deducted in the calculation of Net Income on account of depreciation and amortization, and (iii) all taxes provided for in the calculation of Net Income, *less*, without duplication, (iv) any non-cash items increasing Net Income, (v) all taxes paid in cash during such period, (vi) all capital expenditures made in cash during such period, and (vii) all dividends (excluding dividends on the Company's retractable common shares) made during such period; all calculated in accordance with GAAP as of the last day of any period. The Net Cash Flow of the Company will be calculated in U.S.

dollars; any monetary amount in a currency other than U.S. dollars will be converted into U.S. dollars at the average exchange rate prevailing during the relevant period.

"Net Cash Proceeds" means (a) with respect to any Asset Sale by any Person, the proceeds thereof in the form of cash or Cash Equivalents including payments of principal and interest in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary) net of (i) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) payments made to retire indebtedness where payment of such indebtedness is secured by the assets or properties the subject of such Asset Sale, (iv) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and (v) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined and reflected in an Officers' Certificate delivered to the Trustee, and (b) with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that has been converted into or exchanged for Capital Stock, as referred to in Section 10.09, the proceeds of such issuance or sale in the form of Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorneys' fees, accountants' fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Net Dividend Amount" means the net cash dividend amount received by the Company and NBI in the relevant fiscal year on the shares of Class A Common Stock and Class B Common Stock held by them (including, without limitation, any such shares pledged to the Collateral Agent as Pledged Share Collateral), after deducting (i) any withholding taxes or income taxes paid or payable in cash by the Company or NBI in respect of such dividends, and (ii) any dividends received by the Company or NBI on such number of shares of Hollinger International held by the Company or NBI that corresponds to the number of shares of Class A Common Stock into which the Series II Preferred Shares are exchangeable.

"Net Income" of the Company means, for any period, the unconsolidated net income (or loss (and treating a loss as a negative number)) of the Company for such period, adjusted by excluding, without duplication, to the extent included in calculating such net income (or loss), (i) all extraordinary gains and losses, (ii) the net income (or loss) of any Person acquired during the specified period attributable to any period prior to the date of such acquisition, (iii) any gain or loss realized upon the termination of any employee pension benefit plan, (iv) aggregate gains and losses (less all fees and expenses relating thereto) in respect of dispositions of assets other than in the ordinary course of business (provided that any sale of

Capital Stock of Hollinger International for cash would be considered a disposition in the ordinary course of business), (v) any gain from the collection of proceeds of life insurance policies and (vi) any gain or loss arising from the acquisition of any securities of the Company, or the extinguishment, under GAAP, of any Indebtedness of the Company. The Net Income of the Company will be calculated in U.S. dollars; any monetary amount in a currency other than U.S. dollars will be converted into U.S. dollars at the average exchange rate prevailing during the relevant period.

"Note Custodian" means the custodian with respect to any Global Note appointed by DTC, or any successor Person thereto, and shall initially be the Trustee.

"Note Guarantors" means RMI and NBI and, if the context requires, any Restricted Subsidiary guarantor of the Indenture Obligations.

"Notes" means any of the Company's 11.875% Senior Secured Notes due 2011 issued and authenticated pursuant to this Indenture.

"Officer" when used with respect to the Company means the Chairman of the Board, Vice Chairman, President or a Vice President (regardless of Vice Presidential designation), Treasurer, Secretary or an Assistant Secretary of the Company.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, Vice Chairman, President or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, Secretary or an Assistant Secretary, of the Company, in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, in form and substance reasonably satisfactory to the Trustee, who may be counsel for the Company or the Trustee, and who shall be reasonably acceptable to the Trustee, including but not limited to an Opinion of Independent Counsel.

"Opinion of Independent Counsel" means a written opinion, in form and substance reasonably satisfactory to the Trustee, by someone who is not an employee or former employee of the Company and who shall be reasonably acceptable to the Trustee.

"Outstanding" when used with respect to Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Notes, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore irrevocably deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders; *provided* that, if the Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made;

(c) Notes, except to the extent provided in Sections 4.02 and 4.03, with respect to which the Company has effected defeasance or covenant defeasance as provided in Article IV; and

(d) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee and the Company proof reasonably satisfactory to each of them that such Notes are held by a bona fide purchaser in whose hands the Notes are valid obligations of the Company;

provided, however, that, in determining whether the Holders of the requisite principal amount of Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Trustee actually knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor.

"Pari Passu Indebtedness" means any Indebtedness of the Company that is *pari passu* in right of payment with the Notes.

"Paying Agent" means any Person authorized by the Company to pay the principal, premium, if any, or interest on any Notes on behalf of the Company. The Company initially authorizes the Trustee to act as Paying Agent for the Notes on its behalf. The Company may at any time and from time to time authorize one or more Persons to act as Paying Agent in addition to or in place of the Trustee with respect to any Notes issued under this Indenture.

"Permitted Distribution" means a distribution of an aggregate of \$44.1 million by the Company to RCL on or about the Issue Date, by way of repayment of a loan of \$32.6 million owed by the Company to RCL and a loan of \$11.5 million by the Company to RCL, which aggregate amount shall be promptly applied by RCL to repay all outstanding amounts under the RCL Credit Agreement.

"Permitted Indebtedness" means the following:

(i) Indebtedness of the Company (including as guarantor of NBI) or NBI under a Credit Facility to be established by the Company in a maximum aggregate principal amount at any one time outstanding (including any refinancings thereof) not to exceed Cdn. \$15,000,000; *provided that, if any portion of the Credit Facility is comprised of term loans (defined as loans with an amortizing schedule of principal repayment), such maximum amount shall be reduced to the extent of any permanent repayment of any Indebtedness under such term loans pursuant to Section 10.13 of this Indenture;*

(ii) Indebtedness of the Company pursuant to the Notes and Indebtedness of any Restricted Subsidiary constituting a Guarantee of the Notes;

(iii) Indebtedness of the Company or any Restricted Subsidiary outstanding on the date hereof and listed on Schedule 1 hereto, *provided* that with respect to any Indebtedness of the Company and NBI under or in respect of the International Intercompany Note, none of such Indebtedness shall be deemed to be permitted hereunder unless Hollinger International, the Company and NBI shall have entered into the International Subordination Agreement on or prior to the Issue Date, *provided further* that in the event Hollinger International assigns the International Intercompany Note to an Affiliate, such Affiliate agrees in writing to be bound by the terms of the International Subordination Agreement as if it had originally been a party thereto;

(iv) Indebtedness (a) of the Company owing to a Restricted Subsidiary, or (b) of a Restricted Subsidiary owing to another Restricted Subsidiary or the Company; *provided* that any such Indebtedness is made pursuant to an intercompany note setting forth the principal amount, interest rate and payment dates, the maturity or similar terms and, in the case of Indebtedness of the Company owing to a Restricted Subsidiary, is subordinated in right of payment from and after such time as the Notes shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company's obligations under the Notes; *provided further* that (x) any disposition, pledge or transfer of any such Indebtedness to a Person (other than (A) to the Company or a Restricted Subsidiary or (B) a pledge of such Indebtedness to secure Indebtedness existing at such time under, and pursuant to the terms of, the Credit Facility) will be deemed to be an Incurrence of such Indebtedness by the obligor not permitted by this clause (iv) and (y) any transaction pursuant to which any Restricted Subsidiary that has Indebtedness owing to the Company or any other Restricted Subsidiary ceases to be a Restricted Subsidiary will be deemed to be the Incurrence of Indebtedness by the Company or such other Restricted Subsidiary that is not permitted by this clause (iv);

(v) obligations of the Company or any Restricted Subsidiary pursuant to Interest Rate Agreements or Currency Agreements designed to protect the Company or any Restricted Subsidiary against fluctuations in interest rates or currency exchange rates in respect of Indebtedness of the Company or any of its Restricted Subsidiaries, the notional amount of which (in the case of Interest Rate Agreements) and the notional or exchange amount of which (in the case of Currency Agreements) do not exceed the aggregate principal amount of such Indebtedness;

(vi) guarantees by Restricted Subsidiaries of Indebtedness of the Company otherwise permitted to be Incurred under the definition of "Permitted Indebtedness" and in accordance with the provisions of Section 10.12 of this Indenture;

(vii) Redeemable Capital Stock or Preferred Stock issued by the Company from time to time to finance retractions or redemptions of (a) its outstanding Retractable Common Shares and Series II Preferred Shares (other than any such shares held by Affiliates of the Company) and (b) any Series III Preferred Shares not retracted or

redeemed with proceeds of Subordinated Indebtedness incurred as permitted under clause (ix) below;

(viii) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness Incurred as described in paragraphs (ii), (iii), (vi), (ix) and (x) of this definition of "Permitted Indebtedness," by the Company or by the obligor of such Permitted Indebtedness, including any successive refinancings, so long as (a) such refinancing does not increase the aggregate principal amount of Indebtedness represented thereby and, in the case of Pari Passu Indebtedness or Subordinated Indebtedness, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness and (b) any such refinancing Indebtedness shall not be senior in right of payment to the Indebtedness so refinanced;

(ix) Subordinated Indebtedness of the Company incurred to finance the redemption price at maturity of the Series III Preferred Shares, so long as (a) such Indebtedness is not in an aggregate principal amount greater than the aggregate redemption price of such Series III Preferred Shares and (b) not more than 50% in principal amount of such Indebtedness has a Stated Maturity occurring earlier than that of the Notes;

(x) Indebtedness of the Company or any Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed \$1,000,000 in respect of purchase money obligations, *provided* (a) such Indebtedness is Incurred within 180 days of the purchase of the relevant assets, (b) such Indebtedness does not exceed the actual purchase price of such assets and (c) any related Liens do not extend to any assets other than those being purchased;

(xi) Subordinated Indebtedness of the Company owing to RMI, where the loans representing such Subordinated Indebtedness have been made by RMI to the Company pursuant to the terms of, and RMI's obligations under, the Support Agreement, *provided* that such Indebtedness has a Stated Maturity occurring after the Maturity of the Notes and such Indebtedness is expressly subordinated in right of payment to the Notes in accordance with the RMI Subordination Agreement;

(xii) Subordinated Intercompany Loans of the Company owed to RCL or RMI, representing amounts received by the Company from RCL or RMI, respectively, through voluntary cash contributions by RCL or RMI to the Company after the Issue Date; and

(xiii) Additional Notes of up to \$30,000,000 principal amount in one or more issuances such that, when all such issuances are aggregated with the Notes originally issued on the date of this Indenture (the "Original Notes"), the maximum aggregate principal amount of Notes would not exceed \$150,000,000, *provided* that: (a) the Coverage Ratio must be greater than or equal to 150% on the date of such issuance (before taking into account any Additional Notes to be issued), (b) the Coverage Ratio must be greater than or equal to 125% pro forma for such Additional Notes issuance, (c) the aggregate Current Market Price of the Pledged Share Collateral on the date of such issuance (before taking into account any Additional Notes to be issued) is at least 200%

of the principal amount of Notes outstanding prior to such issuance (excluding any Cash Collateralized Notes), (d) the Company deposits an amount of additional Class A Common Stock and/or Class B Common Stock of Hollinger International with the Collateral Agent such that the Current Market Price of the additional common stock is at least 200% of the principal amount of the Additional Notes to be issued, (e) the Additional Notes are issued at an issue price to investors of not less than 99.377%, (f) the Floor Amount pursuant to the Support Agreement is increased proportionately by multiplying the reference to \$14,000,000 in the definition of "Floor Amount" by a fraction the numerator of which is the aggregate principal amount of Notes outstanding after such issuance and the denominator of which is the aggregate principal amount of Original Notes, (g) the Company and RMI enter into a supplemental Support Agreement, or amend the Support Agreement with the Trustee and Collateral Agent in order to effect such increase, (h) the Company delivers an Opinion of Independent Counsel to the Trustee as to the validity and enforceability of such supplement or amendment to the Support Agreement, and (i) the Company delivers an Officers' Certificate attaching the express written consent of Hollinger International to the subordination of the International Intercompany Note to any such Additional Notes to the same extent as the Notes issued on the Issue Date.

For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the Dollar Equivalent determined on the date of the Incurrence of such Indebtedness; *provided, however*, that, if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any refinancing Indebtedness Incurred in the same currency as the Indebtedness being refinanced will be the Dollar Equivalent of the Indebtedness refinanced, except to the extent that (i) such Dollar Equivalent was determined based on a Currency Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence, and (ii) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the Dollar Equivalent of such excess will be determined on the date such refinancing Indebtedness is Incurred.

"Permitted Investment" means any of the following:

- (i) Investments in any Restricted Subsidiary or the Company or Investments in a Person if as a result of such Investment (A) such Person becomes a Restricted Subsidiary or (B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary;
- (ii) Investments in the Notes;
- (iii) Indebtedness owing to a Restricted Subsidiary or the Company as described under clause (iv) of the definition of "Permitted Indebtedness";

(iv) Temporary Cash Investments;

(v) Investments acquired by the Company or any Subsidiary in connection with an Asset Sale permitted under Section 10.13 to the extent such Investments are non-cash consideration as permitted under such covenant;

(vi) Investments in existence on the date of this Indenture; and

(vii) in addition to the Investments described in clauses (i) through (vi) of this definition of "Permitted Investment," Investments in any Unrestricted Subsidiary or in any joint venture or other entity in an amount not to exceed \$500,000 in the aggregate since the date of this Indenture.

"Permitted Liens" means:

(i) Liens for taxes, assessments, governmental charges or claims that are not yet delinquent or are being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(ii) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen or other similar Liens (including maritime Liens) arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(iii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(iv) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(v) easements, rights-of-way, municipal and zoning ordinances and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(vi) Liens (including extensions, renewals and replacements thereof) upon real or personal property, including Capital Stock, acquired after the Issue Date; *provided*, that (a) such Lien is created solely for the purpose of securing Indebtedness incurred in accordance with clause (x) of the definition of "Permitted Indebtedness";

(vii) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted

Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired;

(viii) Liens in favor of the Company or any Restricted Subsidiary;

(ix) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(xi) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Interest Rate Agreements and Currency Agreements;

(xii) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business; and

(xiii) Liens granted by the Company on or after the date of this Indenture in favor of Hollinger International in and to the Company's rights under the guarantee by RCL of RMI's obligations to the Company under the Contribution Agreement and the Support Agreement.

"Permitted Transfer" means an assignment (duly consented to by the Note Guarantors) to (a) the Company or (b) any other existing or new direct or indirect Subsidiary of RCL provided that such entity is (i) formed under the laws of Canada or any province thereof or the United States of America or any state thereof, (ii) has a Consolidated Net Worth at least equal to that of RMI and (iii) has no greater Indebtedness or other liabilities required to be recorded on its balance sheet (as reflected on the most recently available financial statements of such entity) by GAAP or United States Generally Accepted Accounting Principles, as applicable, or contingent obligations than those reflected on RMI's most recent balance sheet.

"Person" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivisions thereof.

"Pledged Agreements" means (i) the fee and other contract rights under the Services Agreements pledged as security for the obligations of RMI under its Guarantee pursuant to the Security Agreement and (ii) the support payment and other contract rights under the Support Agreement pledged as security for the Company's obligations under the Notes pursuant to the Security Agreement.

"Pledged Share Collateral" means the Designated Class A Shares and the Class B Shares.

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 3.07 in exchange for a mutilated Note or in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Preferred Stock" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"Private Exchange Notes" shall have the meaning assigned to such term in the Issue Date Registration Rights Agreement and any other Registration Rights Agreement.

"Public Equity Offering" means a public offering of Qualified Capital Stock of the Company.

"QIB" means any "qualified institutional buyer" (as defined in Rule 144A).

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"Rating Agency" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and its successors ("S&P") and Moody's Investors Service, Inc. and its successors ("Moody's") or, if S&P and Moody's or both shall not make a rating of the Notes publicly available, a nationally recognized United States statistical rating agency or agencies substituted for S&P or Moody's or both, as the case may be.

"Rating Category" means each major rating category symbolized by (a) in the case of S&P, AAA, AA, A, BBB, BB, B, CCC, CC and C and each such Rating Category shall include pluses or minuses ("gradations") modifying such capital letters; and (b) in the case of Moody's, Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C and each such Rating Category shall include added numerals such as 1, 2 or 3 ("gradations") modifying such letters.

"RCL" means The Ravelston Corporation Limited, a corporation incorporated under the laws of the Province of Ontario, and any successor Person.

"RCL Credit Agreement" means the credit agreement dated as of July 6, 1999 among RCL, each financial institution from time to time signatory therein, and the lead arranger and administrative agent, syndication agent and documentation agent named therein, as amended through February 24, 2003.

"RCL Repayment Amount" means, for any period, any permanent repayment of the principal amount of Indebtedness owing by RCL to the Company that is received by the Company during such period.

"Redeemable Capital Stock" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or otherwise exchangeable, would, upon

the happening of an event or passage of time, be required to be redeemed in cash prior to any Stated Maturity of the principal of the Notes. For the avoidance of doubt, "Redeemable Capital Stock" shall not be deemed to include any Capital Stock of the Company that is retractable or redeemable at the option of the holder thereof for cash or Class A Common Stock at any time prior to any such Stated Maturity, or is convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof, solely for so long as the Company continues to qualify as a "mutual fund corporation" under the Income Tax Act (Canada).

"Redemption Date" when used with respect to any Note to be redeemed pursuant to any provision in this Indenture means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price" when used with respect to any Note to be redeemed pursuant to any provision in this Indenture means the price at which it is to be redeemed pursuant to this Indenture.

"Registered Exchange Offer" means an exchange offer by the Company registered under the Securities Act pursuant to which Notes originally issued pursuant to an exemption from registration under the Securities Act are exchanged for Notes of like principal amount not bearing the Private Placement Legend.

"Registration Rights Agreement" means any registration rights agreement between the Company, the Note Guarantors and one or more investment banks acting as initial purchasers in connection with any issuance of Notes under this Indenture, including the Issue Date Registration Rights Agreement.

"Registration Statement" means an effective Exchange Offer Registration Statement or Shelf Registration Statement.

"Regular Record Date" for the interest payable on any Interest Payment Date relating to a particular Note means the date specified in the Board Resolution or supplemental indenture relating to such Note.

"Resale Restriction Termination Date" means, for any Restricted Note that is an Issue Date Note (or beneficial interest therein), two years (or such other period specified in Rule 144(k) under the Securities Act) from the Issue Date or, for any Additional Notes (or beneficial interests therein) that are Restricted Notes, two years (or such other period specified in Rule 144(k)) from the latest such original issue date of such Additional Notes.

"Responsible Officer" when used with respect to the Trustee means any officer assigned to the Corporate Trust Division of the Trustee or any agent of the Trustee appointed hereunder, including the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or any other officer appointed hereunder to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Note" means any Issue Date Note (or beneficial interest therein) or any Additional Note (or beneficial interest therein) not originally issued and sold pursuant to an effective registration statement under the Securities Act until such time as:

- (i) such Issue Date Note (or beneficial interest therein) or Additional Note (or beneficial interest therein) has been exchanged for a corresponding Exchange Note pursuant to an Exchange Offer Registration Statement or has been transferred pursuant to a Shelf Registration Statement;
- (ii) the Resale Restriction Termination Date therefor has passed;
- (iii) such Note is a Regulation S Global Note and the Distribution Compliance Period therefor has terminated; or
- (iv) the Private Placement Legend therefor has otherwise been removed pursuant to Section 3.06(d), in the case of a beneficial interest in a Global Note, or such beneficial interest has been exchanged for an interest in a Global Note not bearing a Private Placement Legend.

"Restricted Subsidiary" means any Subsidiary other than an Unrestricted Subsidiary.

"RMI" means Ravelston Management Inc., a corporation incorporated under the laws of the Province of Ontario, and any successor Person.

"RMI Guarantee" means the guarantee by RMI of the Indenture Obligations.

"RMI Subordination Agreement" means the subordination agreement attached as Exhibit G to this Indenture whereby the Company and RMI agree that any Indebtedness owed by the Company to RMI under the Support Agreement shall be expressly subordinated in right of payment to the Notes.

"Rule 144A" means Rule 144A under the Securities Act (or any successor rule).

"Securities Act" means the Securities Act of 1933, as amended.

"Security Agreement" means the Security Agreement dated the date hereof (attached as Exhibit G to this Indenture) between the Company, RMI, NBI and the Trustee and the Collateral Agent governing (i) the first priority security interest granted by RMI over the Services Agreements in favor of the Collateral Agent, (ii) the first priority pledge granted by the Company and NBI over the Pledged Share Collateral in favor of the Collateral Agent and (iii) the first priority security interest granted by the Company in the Support Agreement in favor of the Collateral Agent.

"Security Documents" means the Security Agreement and all other agreements, instruments and documents entered into by the Company and the Note Guarantors from time to

time for the purpose of creating and perfecting the security interests in favor of the Collateral Agent in the Senior Notes Collateral.

"Senior Notes Collateral" means the Pledged Share Collateral, the Pledged Agreements, any amounts on deposit in the Collateral Account and all other collateral securing the Notes and the Guarantees from time to time as described in the Security Agreement.

"Series II Preferred Shares" means the series of preference shares of the Company designated as Exchangeable Non-Voting Preference Shares Series II.

"Series III Preferred Shares" means the series of preference shares of the Company designated as Retractable Non-Voting Preference Shares Series III.

"Services Agreements" means (1) the Services Agreement dated as of January 1, 1998 between Hollinger International and RCL, as assigned by RCL to RMI pursuant to the Transfer and Consent Agreement dated July 5, 2002, and (2) the Amended and Restated Services Agreement dated as of December 1, 1999 between HCPH (successor in interest to Southam Inc.) and RCL, as assigned by RCL to RMI pursuant to the Transfer and Consent Agreement dated July 5, 2002, and, in each case, as the same may be amended in accordance with the terms of the Security Agreement.

"Share Cancellation Transaction" means the cancellation of 2,000,000 shares of Class A Common Stock by way of the repurchase of such shares by Hollinger International from the Company, NBI and/or their nominees and the redemption of 93,206 shares of Hollinger International's Series E preferred stock by NBI.

"Shelf Registration Statement" shall have the meaning assigned to such term in the Issue Date Registration Rights Agreement and any other Registration Rights Agreement.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.08.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the dates specified in such Indebtedness as the fixed dates on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable.

"Subordinated Indebtedness" means (i) in the case of any Person other than the Company, Indebtedness of such Person that is expressly subordinate in right of payment to any other Indebtedness of such Person pursuant to a written agreement, and (ii) in the case of the Company, Indebtedness of the Company that is expressly subordinate in right of payment to the Notes.

"Subordinated Intercompany Loans" means Subordinated Indebtedness of the Company that, in accordance with its terms, is not required to be repaid (including, without limitation, with respect to any principal, premium, redemption amount or interest), and may not be declared due and payable by the lender, at any time prior to the Stated Maturity of the Notes, such that no cash payment is required to be made by the Company in respect of such

Indebtedness (including, without limitation, in respect of interest) for so long as any Notes are outstanding.

"Subsidiary" means any Person a majority of the equity ownership of the Voting Stock of which is at the time owned, directly or indirectly, by the Company or by one or more Subsidiaries, or by the Company and one or more other Subsidiaries.

"Sugra" means Sugra Limited, a wholly owned subsidiary of the Company organized under the laws of the Province of Ontario.

"Support Agreement" means the support agreement between RMI and the Company to be dated the Issue Date, as amended or supplemented from time to time in accordance with this Indenture.

"Temporary Cash Investments" means (i) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, the Trustee or a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than \$500,000,000, whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, (iii) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Restricted Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, and (iv) any money market deposit accounts issued or offered by the Trustee or a domestic commercial bank having capital and surplus in excess of \$500,000,000.

"Trading Day" means, with respect to a security, each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not generally traded on the exchange or market on which such security is traded.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

"Unrestricted Subsidiary" means (a) as of the date of this Indenture, Hollinger International and its Subsidiaries and Domgroup Ltd. (excluding NBI, Sugra and 10 Toronto Street Inc.) and (b) any Subsidiary that is designated by the Board of Directors as an Unrestricted Subsidiary after the date of this Indenture pursuant to a Board Resolution in accordance with Section 10.20 of this Indenture; *provided, however*, that a Person may not be designated as an Unrestricted Subsidiary unless (i) the creditors of such Person have no direct or indirect recourse (including, but not limited to, recourse with respect to the payment of principal or interest on Indebtedness of such Subsidiary) to the Company or a Restricted Subsidiary and (ii) a default by

such Person on any of its Indebtedness will not result in, or permit any holder of Indebtedness of the Company or a Restricted Subsidiary to declare, a default on such Indebtedness of the Company or a Restricted Subsidiary or cause the payment thereof to be accelerated or payable prior to its Stated Maturity. Any subsidiary of an Unrestricted Subsidiary shall be an Unrestricted Subsidiary for purposes of this Indenture (other than, in the case of Domgroup Ltd., NBI, Sugra and 10 Toronto Street Inc.).

"Voting Stock" means stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"Wholly Owned Restricted Subsidiary" means a Restricted Subsidiary all the outstanding Capital Stock (other than directors' qualifying shares) of which is owned by the Company or another Wholly Owned Restricted Subsidiary.

SECTION 1.02. Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
"Act"	1.05
"Additional Amounts"	10.21(b)
"Agent Members"	3.04
"Authorized Agent"	1.17
"Allocated Proceeds"	10.13
"Cash Collateralized Note Amount"	14.04
"Cash Collateralized Notes"	14.04
"Change of Control Offer"	10.14
"Change of Control Purchase Date"	10.14
"Change of Control Purchase Notice"	10.14
"Change of Control Purchase Price"	10.14
"covenant defeasance"	4.03
"Defaulted Interest"	3.08
"defeasance"	4.02
"Defeasance Redemption Date"	4.04
"Defeased Notes"	4.01
"Deficiency"	10.13
"Event of Default"	5.01
"Excess Proceeds"	10.13
"Excluded Holder"	10.21(b)
"Excluded Taxes"	10.21(b)
"Issuance Proceeds"	10.13(f)
"Judgment Currency"	1.18
"Non-U.S. Person"	3.06
"Note Amount"	10.13

"Note Register"	3.03
"Note Registrar"	3.03
"Offer"	10.13
"Offered Price"	10.13
"Pari Passu Debt Amount"	10.13
"Pari Passu Offer"	10.13
"Permitted Payment"	10.09
"Private Placement Legend"	3.05
"Purchase Date"	10.13
"rate of exchange"	1.18
"refinancing"	10.09
"Regulation S Global Note"	2.01(e)
"Relevant Taxing Jurisdiction"	10.21(a)
"Required Filing Dates"	10.17
"Restricted Payments"	10.09
"RP Available Amount"	10.09
"Rule 144A Global Note"	2.01(d)
"Senior Representative"	12.03
"Special Payment Date"	3.08
"Surviving Entity"	8.01
"Taxes"	10.21(a)
"U.S. Government Obligations"	4.04

SECTION 1.03. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate to the effect that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel to the effect that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of any certificates and/or opinions is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement to the effect that each individual or firm signing such certificate or opinion has read and understands such covenant or condition and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement to the effect that, in the opinion of each such individual or such firm, he has made such examination or investigation as is necessary to enable him or

them to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual or such firm, such condition or covenant has been complied with.

SECTION 1.04. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any certificate or opinion of such an Officer or of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the Company with respect to such factual matters and which contains a statement to the effect that the information with respect to such factual matters is in the possession of the Company, unless such Officer or counsel knows that the certificate or opinion or representations with respect to such matters are erroneous. Opinions of Counsel required to be delivered to the Trustee may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including certificates certifying as to matters of fact, including that various financial covenants have been complied with.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.05. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of any Notes may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The ownership of Notes shall be proved by the Note Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other Act by the Holder of any Note shall bind every future Holder of the same Note or the Holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be done by the Trustee, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(d) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate of affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

SECTION 1.06: Notices, etc., to Trustee and the Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed, in writing, by first-class mail postage prepaid (return receipt requested) or delivered in person or by recognized overnight courier to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Division, or at any other address furnished in writing prior thereto to the Holders and the Company by the Trustee; or

(b) the Company, RMI or NBI shall be sufficient for every purpose (except as provided in Section 5.01(c)) hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to the Company, addressed to it at: 10 Toronto Street, Toronto, Canada M5C 2B7, Attn: Chief Financial Officer, or at any other address previously furnished in writing to the Trustee by the Company, as the case may be.

SECTION 1.07: Notice to Holders; Waiver. Where this Indenture or the Notes provide for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at such Holder's address as it appears in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder whether or not actually received by such Holder. Where this Indenture or the Notes provide for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such

notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this Indenture, then any method of giving such notice as shall be reasonably satisfactory to the Trustee or the Company, as applicable, shall be deemed to be a sufficient giving of such notice.

SECTION 1.08. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with any provision of the Trust Indenture Act or another provision which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, the provision or requirement of the Trust Indenture Act shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, such provision of the Trust Indenture Act shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 1.09. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.10. Successors and Assigns. All covenants and agreements in this Indenture by the Company or any Note Guarantor shall bind its successors and assigns, whether so expressed or not.

SECTION 1.11. Separability Clause. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.12. Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person (other than the parties hereto and their successors hereunder, any Paying Agent and the Holders) any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.13. GOVERNING LAW. THIS INDENTURE, THE NOTES AND THE GUARANTEES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

SECTION 1.14. Legal Holidays. In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Note shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Notes) payment of interest or principal or premium, if any, need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at Maturity or the Stated Maturity, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date, Redemption Date, Maturity or Stated Maturity, as the case may be, to the next succeeding Business Day.

SECTION 1.15. Schedules and Exhibits. All schedules and exhibits attached hereto are by this reference made a part hereof with the same effect as if herein set forth in full.

SECTION 1.16. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 1.17. Jurisdiction and Service of Process. Any legal action or proceeding with respect to this Indenture or the Notes may be brought in the courts of the State of New York or the federal courts of the United States located in The City of New York, and each of the Company and the Note Guarantors consents to the jurisdiction of such courts. Each of the Company and the Note Guarantors irrevocably waives any objection, including any objection to the laying of venue or based on *forum non conveniens*, which it may have to the bringing of any action or proceeding in such jurisdiction with respect to this Indenture, the Notes, the Security Agreement or any other document related thereto. Notwithstanding the foregoing, (1) the Trustee and/or the Collateral Agent shall have the right to bring any action or proceeding against the Company, the Note Guarantors and their property in the courts of any other jurisdiction the Trustee and/or the Collateral Agent deem necessary or appropriate in order to enforce the obligations of the Company and the Note Guarantors or to realize upon the Senior Notes Collateral or other security for those obligations and (2) each of the Company and the Note Guarantors acknowledges that any appeals from the courts described in the preceding sentence may have to be heard by a court located outside those jurisdictions.

Each party agrees that any service of process or other legal summons in connection with any proceeding may be served on it by mailing a copy thereof by registered mail, or a form of mail substantially equivalent thereto, postage prepaid, addressed to the served party at its address as provided for in Section 1.06 hereof. Nothing in this Section shall affect the right of the parties to serve process in any other manner permitted by law. Each of the Company and the Note Guarantors has appointed Paul Healy at Hollinger International Inc., 712 Fifth Avenue, 18th Floor, New York, NY 10019 as its authorized agent in New York City (the "Authorized Agent," which term, as used herein, includes any successor in such capacity) upon whom process may be served in any such action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby which may be instituted in any federal or state court in the State of New York by the Trustee or by any person who controls the Trustee.

To the extent allowed by any applicable requirement of law, each of the Company and the Note Guarantors waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to such party at its address set forth in this Indenture and service so made shall be deemed to be completed five days after the same shall have been so posted in the United States (or Canada, as applicable), postage prepaid. Nothing contained in this Section 1.17 shall affect the right of the Trustee and/or the Collateral Agent to serve legal process by any other manner permitted by law.

SECTION 1.18. Judgment Currency. If for the purpose of obtaining judgment in any court or for the purpose of determining, pursuant to the obligations of the Company or any Note Guarantor, the amounts owing hereunder, it is necessary to convert an amount due

hereunder in U.S. dollars into a currency other than U.S. dollars (the "Judgment Currency"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Trustee or Collateral Agent could purchase, in the New York foreign exchange market, U.S. dollars with the Judgment Currency on the date that is two Business Days preceding that on which judgment is given or any other payment is due hereunder. Each of the Company and the Note Guarantors agrees that its respective obligation in respect of any U.S. dollars due from it to the Holders hereunder shall, notwithstanding any judgment or payment in the Judgment Currency, be discharged only to the extent that, on the Business Day following the date the Trustee or Collateral Agent receives payment of any sum so adjudged or owing to be due hereunder in the Judgment Currency, the Trustee or Collateral Agent may, in accordance with normal banking procedures, purchase, in the New York foreign exchange market U.S. dollars with the amount of the Judgment Currency so paid; and if the amount of U.S. dollars so purchased, or which could have been so purchased, is less than the amount originally due in U.S. dollars, each of the Company and the Note Guarantors agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Trustee or Collateral Agent against such loss. The term "rate of exchange" in this Section 1.18 means the spot rate at which the Trustee or Collateral Agent, in accordance with normal banking practices is able on the relevant date to purchase U.S. dollars with the Judgment Currency and includes any premium and costs of exchange payable in connection with such purchase.

No provision of this Indenture, individually or collectively, shall have the effect of requiring the Company to pay interest (as such term is defined in section 347 of the Criminal Code of Canada) at a rate in excess of 60% per annum, taking into account all other amounts which must be taken into account for the purpose thereof and, to such extent, the Company's obligation to pay interest hereunder shall be so limited.

ARTICLE II

Form of Note

SECTION 2.01. Form Generally. (a) The Notes will be issued in registered form without coupons, and in denominations of \$1,000 and any integral multiple thereof.

(b) The terms and provisions of the Notes, the form of which is in Exhibit A hereto, shall constitute, and are hereby expressly made, a part of this Indenture, and, to the extent applicable, the Company, the Note Guarantors and the Trustee, by their execution and delivery of this Indenture expressly agree to such terms and provisions and to be bound thereby. Except as otherwise expressly permitted in this Indenture, all Notes shall be identical in all respects. Notwithstanding any differences among them, all Notes issued under this Indenture shall vote and consent together on all matters as one class.

(c) The Notes may have notations, legends or endorsements as specified in Section 3.05 or as otherwise required by law, stock exchange rule or DTC rule or usage. The Company and the Trustee shall approve the form of the Notes and any notation, legend or endorsement on them. Each Note shall be dated the date of its authentication.

(d) Notes originally offered and sold to QIBs in reliance on Rule 144A will be issued in the form of one or more permanent Global Notes (each, a "Rule 144A Global Note").

(e) Notes originally offered and sold outside the United States of America will be issued in the form of one or more permanent Global Notes (each, a "Regulation S Global Note").

SECTION 2.02. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication shall be included on the form of the face of the Notes substantially in the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION.

This is one of the Notes referred to in the within-mentioned Indenture.

WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

SECTION 2.03. Form of Guarantees. (a) The form of Guarantee of RMI shall be set forth on the Notes substantially as follows:

GUARANTEE OF RAVELSTON MANAGEMENT INC.

For value received, RAVELSTON MANAGEMENT INC., a corporation incorporated under the laws of the Province of Ontario, hereby absolutely, unconditionally and irrevocably guarantees to the Holder of this Note and the Trustee, as if Ravelston Management Inc. were the principal debtor, the punctual payment, on demand, of principal of, premium, if any, and interest on this Note in the amounts and at the time when due and interest on the overdue principal and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of the Company under this Indenture or the Notes, to the Holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note and Article Thirteen of this Indenture. This Guarantee will not become effective until the Trustee duly executes the certificate of authentication on this Note.

RAVELSTON MANAGEMENT INC.

Attest: _____

By _____
Authorized Signatory

(b) The form of Guarantee of NBI shall be set forth on the Notes substantially as follows:

GUARANTEE OF 504468 N.B. INC.

For value received, 504468 N.B. INC., a company organized under the laws of the Province of New Brunswick, hereby absolutely, unconditionally and irrevocably guarantees to the Holder of this Note and the Trustee, as if 504468 N.B. Inc. were the principal debtor, the punctual payment, on demand, of principal of, premium, if any, and interest on this Note in the amounts and at the time when due and interest on the overdue principal and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of the Company under this Indenture or the Notes, to the Holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note and Article Thirteen of this Indenture. This Guarantee will not become effective until the Trustee duly executes the certificate of authentication on this Note.

504468 N.B. INC.

Attest: _____

By _____
Authorized Signatory

ARTICLE III

The Notes

SECTION 3.01. Execution, Authentication, Delivery and Dating. (a) The Notes shall be executed on behalf of the Company by one of its Chairman of the Board, Vice-Chairman, President or one of its Vice Presidents under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Notes may be manual or facsimile.

(b) Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices on the date of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes; and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes as provided in this Indenture and not otherwise. The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is limited to \$150,000,000.

(d) Each Note shall be dated the date of its authentication.

(e) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the

only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

(f) In case the Company, pursuant to Article VIII, shall be consolidated or merged with or into any other Person or shall sell, convey, assign, transfer, lease or otherwise dispose of substantially all of its properties and assets to any Person, and the successor Person resulting from such consolidation, or surviving such merger, or into which the Company shall have been merged or consolidated, or the successor Person which shall have received a conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article VIII, any of the Notes authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Notes executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon a Company Request of the successor Person, shall authenticate and deliver Notes as specified in such order for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section in exchange or substitution for or upon registration of transfer of any Notes, such successor Person, at the option of a Holder but without expense to such Holder, shall provide for the exchange of all Notes at the time Outstanding held by such Holder for Notes authenticated and delivered in such new name.

(g) The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Notes on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Note Registrar or Paying Agent to deal with the Company and its Affiliates.

SECTION 3.02. Temporary Notes. Pending the preparation of definitive Notes, the Company may execute, and upon a Company Order the Trustee shall authenticate and deliver, temporary Notes which are printed, lithographed, typewritten or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Notes may determine, as conclusively evidenced by their execution of such Notes.

If temporary Notes are issued, the Company will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes upon surrender of the temporary Notes at the office or agency of the Company designated for such purpose pursuant to Section 10.02 (or in accordance with Section 3.01, in the case of the initial Notes), without charge to the Holders thereof. Upon surrender for cancellation of any one or more temporary Notes, the Company shall execute and upon a Company Order the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes.

SECTION 3.03. Registration, Registration of Transfer and Exchange. The Company shall cause to be kept at the Corporate Trust Office of the Trustee, or such other office as the Trustee may designate, a register (the register maintained in such office and in any other office or agency designated pursuant to Section 10.02 being herein sometimes referred to as the "Note Register") in which, subject to such reasonable regulations as the Note Registrar may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Trustee or an agent thereof or of the Company shall initially be the "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-registrars, but there shall be only one Note Register.

Upon surrender for registration of transfer of any Note at the office or agency of the Company designated pursuant to Section 10.02, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations, of a like aggregate principal amount.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination or denominations, of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same Indebtedness, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer, or for exchange or redemption, shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company, the Trustee and the Note Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer, exchange or redemption of Notes, but the Company may require payment of a sum sufficient to pay any tax or other governmental charges that may be imposed in connection with any registration of transfer, exchange or redemption of Notes (other than any such governmental charges payable upon exchange or transfer pursuant to a Registered Exchange Offer or pursuant to Section 3.01, 3.02, 3.07, 9.06, 10.14, 10.15 or 11.08 not involving any transfer).

The Company shall not be required (a) to issue, register the transfer of or exchange any Note during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of the Notes selected for redemption under Section 11.04 and ending at the close of business on the day of such mailing, or (b) to register the transfer of or exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of Notes being redeemed in part.

None of the Company, the Trustee, any agent of the Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 3.04. Global Note Provisions (a) Each Global Note initially shall: (i) be registered in the name of DTC or the nominee of DTC, (ii) be delivered to the Note Custodian, and (iii) bear the appropriate legend, as set forth in Section 3.05 and Exhibit A. Any Global Note may be represented by more than one certificate. The aggregate principal amount of each Global Note may from time to time be increased or decreased by adjustments made on the records of the Note Custodian, as provided in this Indenture.

(b) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC or by the Note Custodian under such Global Note, and DTC may be treated by the Company, the Trustee, the Paying Agent and the Note Registrar and any of their agents as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, the Paying Agent or the Note Registrar or any of their agents from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of an owner of a beneficial interest in any Global Note. The registered Holder of a Global Note may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action that a Holder is entitled to take under this Indenture or the Notes.

(c) Except as provided below, owners of beneficial interests in Global Notes will not be entitled to receive Certificated Notes. Certificated Notes shall be issued to all owners of beneficial interests in a Global Note in exchange for such interests if:

(i) DTC notifies the Company that it is unwilling or unable to continue as depositary for such Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each case a successor depositary is not appointed by the Company within 90 days of such notice,

(ii) the Company executes and delivers to the Trustee and Note Registrar an Officers' Certificate stating that such Global Note shall be so exchangeable, or

(iii) an Event of Default has occurred and is continuing and the Note Registrar has received a request from DTC.

In connection with the exchange of an entire Global Note for Certificated Notes pursuant to this paragraph (c), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and upon Company Order the Trustee shall authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Certificated Notes of authorized denominations.

(d) In connection with the exchange of a portion of a Certificated Note for a beneficial interest in a Global Note, the Trustee shall cancel such Certificated Note, and the Company shall execute, and the Trustee shall authenticate and deliver to the exchanging Holder, a new Certificated Note representing the principal amount not so exchanged unless such principal amount is to be exchanged for a beneficial interest in a Global Note pursuant to Section 3.06(d).

SECTION 3.05. Legends. (a) Each Global Note shall bear the legend specified therefor in Exhibit A on the face thereof.

(b) Each Restricted Note shall bear the private placement legend specified therefor in Exhibit A on the face thereof ("Private Placement Legend").

SECTION 3.06. Special Transfer Provisions. (a) The following provisions shall apply with respect to any proposed transfer of an interest in a Rule 144A Global Note that is a Restricted Note: If (1) the owner of a beneficial interest in a Rule 144A Global Note wishes to transfer such interest (or portion thereof) to a non-U.S. person ("Non-U.S. Person") pursuant to Regulation S and (2) such Non-U.S. Person wishes to hold its interest in the Notes through a beneficial interest in the Regulation S Global Note,

(i) upon receipt by the Note Custodian and Note Registrar of:

(A) instructions from the Holder of the Rule 144A Global Note directing the Note Custodian and Note Registrar to credit or cause to be credited a beneficial interest in the Regulation S Global Note equal to the principal amount of the beneficial interest in the Rule 144A Global Note to be transferred, and

(B) a certificate in the form of Exhibit C from the transferor, and

(ii) subject to the rules and procedures of DTC, the Note Custodian and Note Registrar shall increase the Regulation S Global Note and decrease the Rule 144A Global Note by such amount in accordance with the foregoing.

(b) If the owner of an interest in a Regulation S Global Note wishes to transfer such interest (or any portion thereof) to a QIB pursuant to Rule 144A prior to the expiration of the Distribution Compliance Period therefor,

(i) upon receipt by the Note Custodian and Note Registrar of:

(A) instructions from the Holder of the Regulation S Global Note directing the Note Custodian and Note Registrar to credit or cause to be credited a beneficial interest in the Rule 144A Global Note equal to the principal amount of the beneficial interest in the Regulation S Global Note to be transferred, and

(B) a certificate in the form of Exhibit B duly executed by the transferor, and

(ii) in accordance with the rules and procedures of DTC, the Note Custodian and Note Registrar shall increase the Rule 144A Global Note and decrease the Regulation S Global Note by such amount in accordance with the foregoing.

(c) Other Transfers. Any transfer of Restricted Notes not described above (other than a transfer of a beneficial interest in a Global Note that does not involve an exchange of such interest for a Certificated Note or a beneficial interest in another Global Note, which must be effected in accordance with applicable law and the rules and procedures of DTC, but is not subject to any procedure required by this Indenture) shall be made only upon receipt by the Note Registrar of such opinions of counsel, certificates and/or other information reasonably required by and satisfactory to it in order to ensure compliance with the Securities Act or in accordance with Section 3.06(d).

(d) Use and Removal of Private Placement Legends. Upon the transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) not bearing (or not required to bear upon such transfer, exchange or replacement) a Private Placement Legend, the Note Custodian and Note Registrar shall exchange such Notes (or beneficial interests) for beneficial interests in a Global Note (or Certificated Notes if they have been issued pursuant to Section 3.04(c)) that does not bear a Private Placement Legend. Upon the transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) bearing a Private Placement Legend, the Note Custodian and Note Registrar shall deliver only Notes (or beneficial interests in a Global Note) that bear a Private Placement Legend unless:

(i) such Notes (or beneficial interests) are exchanged in a Registered Exchange Offer;

(ii) such Notes (or beneficial interests) are transferred pursuant to a Shelf Registration Statement;

(iii) such Notes (or beneficial interests) are transferred pursuant to Rule 144 under the Securities Act upon delivery to the Note Registrar of a certificate of the transferor in the form of Exhibit D and an Opinion of Counsel reasonably satisfactory to the Note Registrar;

(iv) such Notes (or beneficial interests) are transferred, replaced or exchanged after the Resale Restriction Termination Date therefor; or

(v) in connection with such transfer, exchange or replacement the Note Registrar shall have received an Opinion of Counsel and other evidence reasonably satisfactory to it and the Company to the effect that neither such Private Placement Legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

The Private Placement Legend on any Note shall be removed at the request of the Holder on or after the Resale Restriction Termination Date therefor. The Holder of a Global Note may exchange an interest therein for an equivalent interest in a Global Note not bearing a Private Placement Legend (other than a Regulation S Global Note) upon transfer of such interest pursuant to any of clauses (i) through (v) of this paragraph (d). The Company shall deliver to the

Trustee an Officers' Certificate promptly upon effectiveness, withdrawal or suspension of any Registration Statement.

(e) Consolidation of Global Notes and Exchange of Certificated Notes for Beneficial Interests in Global Notes. If a Global Note not bearing a Private Placement Legend (other than a Regulation S Global Note) is Outstanding at the time of a Registered Exchange Offer, any interests in a Global Note exchanged in such Registered Exchange Offer shall be exchanged for interests in such Outstanding Global Note.

(f) Retention of Documents. The Note Registrar shall retain copies of all letters, notices and other written communications received pursuant to this Article III. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Note Registrar.

(g) Execution, Authentication of Notes, etc. Subject to the other provisions of this Section, when Notes are presented to the Note Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Note Registrar shall register the transfer or make the exchange as requested if its requirements for such transaction are met; *provided* that any Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Note Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing. To permit registrations of transfers and exchanges and subject to the other terms and conditions of this Article III, the Company will execute and upon Company Order, the Trustee will authenticate Certificated Notes and Global Notes at the Note Registrar's request. In accordance with the Issue Date Registration Rights Agreement, upon the effectiveness of any Exchange Offer Registration Statement, the Company will execute and upon Company Order, the Trustee will authenticate Exchange Notes or Private Exchange Notes, as the case may be, in exchange for Issue Date Notes. In accordance with a Registration Rights Agreement in respect of Additional Notes, upon the effectiveness of any Exchange Offer Registration Statement in respect of such Additional Notes, the Company will execute and upon Company Order, the Trustee will authenticate Exchange Notes in exchange for such Additional Notes.

(h) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of an interest in a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised

only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 3.07. Mutilated, Destroyed, Lost or Stolen Notes. If (a) any mutilated Note is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and there is delivered to the Company or the Trustee, such security and/or indemnity, in each case as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Note has been acquired by a bona fide purchaser, the Company shall execute and upon receipt of a Company Order the Trustee shall authenticate and deliver, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a replacement Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a replacement Note, pay such Note.

Upon the issuance of any replacement Notes under this Section, the Company may require the payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and its agents and counsel) connected therewith.

Every replacement Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 3.08. Payment of Interest; Interest Rights Preserved. Interest on any Note which is payable, and is punctually paid or duly provided for, on the Stated Maturity of such interest shall be paid to the Person in whose name that Note is registered at the close of business on the Regular Record Date for such interest payment.

Any interest on any Note which is payable, but is not paid or duly provided for on the Stated Maturity of such interest (or within 15 days after the Stated Maturity of such interest) and interest on such defaulted interest at the then applicable interest rate borne by the Notes, to the extent lawful (such defaulted interest and interest thereon herein collectively called "Defaulted Interest"), shall forthwith cease to be payable to the Holder in whose name such Note is registered as of the Regular Record Date; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Subsection (a) or (b) below:

(a) the Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner.

The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (the "Special Payment Date"), and at the same time the Company shall irrevocably deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the Special Payment Date, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Subsection provided. Such notice shall be received by the Trustee no less than 30 days prior to the Special Payment Date. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which Special Record Date shall be not more than 15 days and not less than 10 days prior to the Special Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company in writing of such Special Record Date. In the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Payment Date therefor to be mailed, certified or registered (return receipt requested) first-class postage prepaid, to each Holder at his address as it appears in the Note Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Notes are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection (b).

(b) the Company may make payment to the Persons in whose name the Notes are registered at the close of business on the Special Record Date of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, unless, after written notice given by the Company to the Trustee of the proposed payment pursuant to this Subsection, such manner of payment shall not be deemed practicable by the Trustee (acting reasonably). The Trustee shall give prompt written notice to the Company of any such determination.

Subject to the foregoing provisions of this Section, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall

carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 3.09. Persons Deemed Owners. Prior to due presentment of a Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Note is registered on the Note Register as the owner of such Note for the purpose of receiving payment of principal of, premium, if any, and (subject to Section 3.08) interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 3.10. Cancellation. All Notes surrendered for payment, purchase, redemption, registration of transfer or exchange shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by it. The Company or any Restricted Subsidiary may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company or any such Restricted Subsidiary may have acquired in any manner whatsoever, and all Notes so delivered shall upon receipt of a Company Order be promptly canceled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled securities held by the Trustee shall, unless by a Company Order received by the Trustee prior to such destruction the Company shall direct that the canceled Notes be returned to it, be destroyed in accordance with its customary procedures and certification of their destruction delivered to the Company. The Trustee shall provide the Company a list of all Notes that have been canceled from time to time as requested by the Company.

SECTION 3.11. Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months. Whenever interest to be paid hereunder is to be calculated on the basis of a year of three hundred and sixty (360) days, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by three hundred and sixty (360). The foregoing is disclosed herein solely for the purpose of providing the disclosure required under the *Interest Act* (Canada).

SECTION 3.12. [Reserved]

SECTION 3.13. Additional Interest Under Registration Rights Agreements. Under certain circumstances, the Company may be obligated to pay additional interest to Holders, all as and to the extent set forth in the Issue Date Registration Rights Agreement or any Registration Rights Agreement applicable to Additional Notes. The terms thereof are hereby incorporated herein by reference and such additional interest is deemed to be interest for purposes of this Indenture.

ARTICLE IV

Defeasance and Covenant Defeasance

SECTION 4.01. Company's Option to Effect Defeasance or Covenant Defeasance. The Company may, at its option by Board Resolution, at any time, with respect to any Notes, elect to have either Section 4.02 or Section 4.03 be applied to all of the Outstanding Notes (the "Defeased Notes"), this Indenture and the Security Agreement, upon compliance with the conditions set forth below in this Article IV.

SECTION 4.02. Defeasance and Discharge. Upon the Company's exercise under Section 4.01 of the option applicable to this Section, the Company shall be deemed to have been discharged from its obligations with respect to the Defeased Notes on the date the conditions set forth below are satisfied (hereinafter, "defeasance") and each Note Guarantor shall be deemed to be discharged from its obligations with respect to its Guarantee relating to the Defeased Notes. For this purpose, such defeasance means that the Company and any Note Guarantor shall be deemed to have paid and discharged the entire indebtedness represented by the Defeased Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 4.05 and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all its other obligations under such Notes and this Indenture insofar as such Notes are concerned (and the Trustee, at the expense of the Company and upon written request, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Defeased Notes to receive, solely from the trust fund described in Section 4.04 and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due, (b) the Company's obligations with respect to such Defeased Notes under Sections 3.02, 3.03, 3.07, 10.02 and 10.03, (c) the rights, powers, trusts, duties, indemnities and immunities of the Trustee hereunder, and (d) this Article IV. Subject to compliance with this Article IV, the Company may exercise its option under this Section notwithstanding the prior exercise of its option under Section 4.03 with respect to the Notes.

SECTION 4.03. Covenant Defeasance. Upon the Company's exercise under Section 4.01 of the option applicable to this Section, the Company shall be released from its obligations under any covenant or provision contained in Sections 10.05 through 10.18, inclusive, with respect to the Defeased Notes on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"), and the Defeased Notes shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants and provisions, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to the Defeased Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or Article, whether directly or indirectly, by reason of any reference elsewhere herein or in such Defeased Notes to any such Section or Article or by reason of any reference in any such Section or Article to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.01(c), (d) or (f) but, except as specified above, the remainder of this Indenture and such Defeased Notes shall be unaffected thereby.

SECTION 4.04. Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to application of either Section 4.02 or Section 4.03 to the Defeased Notes:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of Notes, (a) United States dollars, (b) U.S. Government Obligations (which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, sufficient money), or (c) a combination thereof, in such amounts as will be sufficient, as reflected in the written report of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm delivered to the Trustee, to pay and discharge (and which shall be applied by the Trustee to pay and discharge) the principal of, premium, if any, and interest on, the Defeased Notes on (x) the Stated Maturity thereof or (y) any date selected by the Company on which the Defeased Notes may be redeemed in whole at the option of the Company (such date being referred to as the "Defeasance Redemption Date"), if (in the case of clause (y)) when electing either defeasance or covenant defeasance, the Company has delivered to the Trustee an irrevocable notice to redeem all of the outstanding Notes on the Defeasance Redemption Date; *provided* that the Trustee (or such qualifying trustee) shall have been irrevocably instructed to apply such United States dollars or the proceeds of such U.S. Government obligations to said payments with respect to the Notes. For this purpose, "U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(2) In the case of an election under Section 4.02, the Company shall have delivered to the Trustee an opinion of Independent Counsel in the United States to the effect that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that the Holders of the Outstanding Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income

tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(3) In the case of an election under Section 4.03, the Company shall have delivered to the Trustee an opinion of Independent Counsel in the United States to the effect that the Holders of the Outstanding Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(4) In the case of an election under Section 4.02 and Section 4.03, the Company shall have delivered to the Trustee an opinion of Canadian counsel stating that the Company has received from, or there has been published by, the Canada Customs and Revenue Agency a ruling, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal, provincial or territorial income tax or other tax purposes as a result of such deposit and defeasance and will be subject to Canadian federal, provincial or territorial income tax or other tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and for the purposes of such opinion, such Canadian counsel shall assume that Holders include Holders who are not resident in Canada).

(5) No Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Sections 5.01(g) and 5.01(h) are concerned, at any time during the period ending on the 121st day after the date of deposit.

(6) Any election under Section 4.02 or Section 4.03 shall not cause the Trustee to have a conflicting interest with respect to any securities of the Company.

(7) Any election under Section 4.02 or Section 4.03 shall not result in a breach or violation of, or constitute a Default under, this Indenture or a breach or violation of any provision of any agreement relating to any Indebtedness.

(8) The Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States to the effect that after the 121st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

(9) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over the other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company.

(10) No event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Notes on the date of such deposit or at any time ending on the 121st day after the date of such deposit.

(11) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Independent Counsel, each to the effect that all conditions precedent provided for relating to either the defeasance under Section 4.02 or the covenant defeasance under Section 4.03 (as the case may be) have been complied with as contemplated by this Section.

Opinions of Counsel required to be delivered under this Section may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, which certificates shall be limited to matters of fact, including that various financial covenants have been complied with.

SECTION 4.05. Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions. Subject to the provisions of the last paragraph of Section 10.03, all United States dollars and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to Section 4.04 in respect of the Defeased Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall fully pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 4.04 or the principal and interest received in respect thereof, other than any such tax, fee or other charge which by law is for the account of the Holders of the Defeased Notes.

Anything in this Article IV to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon a Company Request any United States dollars or U.S. Government Obligations held by it as provided in Section 4.04 which, in the opinion of a nationally recognized firm of independent public accountants or nationally recognized investment banking firm expressed in a written report delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect defeasance or covenant defeasance. In the event of an error in any calculation resulting in a withdrawal hereunder, the Company shall deposit an amount equal to the amount erroneously withdrawn as promptly as practicable after becoming aware of such error.

SECTION 4.06. Reinstatement. If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 4.02 or 4.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 4.02 or 4.03, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such United States dollars or U.S. Government Obligations in accordance with Section 4.02 or 4.03, as the case may be; *provided, however*, that (a) if the Company makes any payment to the Trustee or Paying Agent of principal, premium, if

any, or interest on any Note following the reinstatement of its obligations, the Trustee or Paying Agent shall promptly pay any such amount to the Holders of the Notes and the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the United States dollars and U.S. Government Obligations held by the Trustee or Paying Agent and (b) the Trustee or Paying Agent shall return all such United States dollars and U.S. Government Obligations to the Company promptly after receiving a Company Request therefor at any time, if the Trustee or Paying Agent receives written notice from the Company that such reinstatement of the Company's obligations has occurred and continues to be in effect at such time.

ARTICLE V

Remedies

SECTION 5.01. Events of Default. "Event of Default", wherever used herein, means with respect to any Notes any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) there shall be a default in the payment of any interest on any Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment of the principal of (or premium, if any, on) any Note when and as the same shall become due and payable at its Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise);

(c) (i) there shall be a default in the performance, or breach, of any covenant or agreement of the Company under this Indenture (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in Section 5.01(a) or (b) or in clauses (ii) or (iii) of this Section 5.01(c)), and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Notes; (ii) there shall be a default in the performance or breach of the provisions of Article VIII; or (iii) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of Section 10.14;

(d) (i) one or more defaults shall have occurred under any agreements, indentures or instruments under which the Company, a Note Guarantor or any Restricted Subsidiary of the Company then has outstanding indebtedness (other than the Series III Preferred Shares) in excess of \$2,500,000 in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated or (ii) one or more defaults shall have occurred under any agreements, indentures or instruments under which Hollinger International or any of its Subsidiaries then has outstanding Indebtedness in excess of \$7,500,000 in the aggregate and, if not

already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated;

(e) any Guarantee relating to the Notes shall for any reason cease to be, or be asserted in writing by any Note Guarantor or the Company not to be, in full force and effect, enforceable in accordance with its terms, except to the extent contemplated by this Indenture and any such Guarantee;

(f) one or more final judgments, orders or decrees (including execution, writ of seizure and sale, sequestration, levy, assessment, injunction or attachment or other process of court) for the payment of money shall be entered against (A) the Company, a Note Guarantor or any Restricted Subsidiary or any of their respective properties, either individually or in the aggregate, in an amount exceeding \$2,500,000, or (B) Hollinger International or any of its Subsidiaries or any of their respective properties, either individually or in the aggregate, in an amount exceeding \$7,500,000 and, in each case, shall not be discharged and either (i) enforcement proceedings shall have been commenced upon such judgment, order or decree or (ii) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(g) there shall have been the entry by a court of competent jurisdiction of (i) a decree or order for relief in respect of the Company, any Note Guarantor or any Material Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (ii) a decree or order adjudging the Company, any Note Guarantor or any Material Restricted Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, any Note Guarantor or any Material Restricted Subsidiary under any applicable Federal, provincial or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, administrator, monitor or similar official of the Company, any Note Guarantor or any Material Restricted Subsidiary or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days;

(h) (i) the Company, any Note Guarantor or any Material Restricted Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (ii) the Company, any Note Guarantor or any Material Restricted Subsidiary consents to the entry of a decree or order for relief in respect of the Company, any Note Guarantor or such Material Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (iii) the Company, any Note Guarantor or any Material Restricted Subsidiary files a petition, proposal, notice of intention to file a proposal or answer or consent seeking reorganization or relief which seeks to stay or has the effect of staying any creditor under any applicable Federal, provincial or state law, (iv) the Company, any Note Guarantor or any Material Restricted Subsidiary (x) consents to the filing of such petition, proposal, notice of intention to file a proposal or the appointment

of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator, administrator, monitor or similar official of the Company, any Note Guarantor or such Material Restricted Subsidiary or of any substantial part of its property, (y) makes an assignment for the benefit of creditors or (z) admits in writing its inability to pay its debts generally as they become due or (v) the Company, any Note Guarantor or any Material Restricted Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (h);

(i) the Trustee, Collateral Agent and the Holders cease to have a perfected first priority security interest in any of the Senior Notes Collateral in accordance with the terms of the Security Agreement;

(j) the Pledged Agreements shall for any reason cease to be, or be asserted in writing by any party thereto or the Company not to be, in full force and effect, or the Pledged Agreements are terminated, suspended or repudiated by any party thereto, except to the extent contemplated by this Indenture and the Pledged Agreements;

(k) in any quarterly period after April 1, 2003, the Company fails to receive in cash a minimum aggregate amount of at least \$4.7 million from (i) payments made by RMI during such quarter pursuant to the terms of the Support Agreement, (ii) any management fees paid by Hollinger International and its Subsidiaries directly to the Company or its Wholly Owned Restricted Subsidiaries during such quarter, and (iii) the Net Dividend Amount paid by Hollinger International on its Capital Stock held by the Company and its Wholly Owned Restricted Subsidiaries during such quarter (*provided* that with respect to any period that is less than a fiscal quarter, the minimum aggregate amount of \$4.7 million shall be reduced pro rata by reference to the number of days in such period, calculated on the basis of a 360-day year of twelve 30-day months); or

(l) immediately prior to making any repurchase, redemption, defeasance, retirement, acquisition for value or payment of redemption amount of the Company's Series III Preferred Shares pursuant to paragraph (b)(viii) of Section 10.09, the amount to be paid in connection therewith would, after giving effect to such payment, exceed the RP Available Amount.

SECTION 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default specified in Sections 5.01(g) and (h) with respect to the Company) occurs and is continuing with respect to the Notes, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes may, and the Trustee upon the request of the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes shall, declare the principal amount of all the Notes to be due and payable immediately in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes shall have become due and payable, by a notice in writing to the Company (and to the Trustee, if given by Holders) and, if a Credit Facility is in effect, to the relevant Agent under the Credit Facility in accordance with the terms of the Intercreditor Agreement, and upon any such declaration such amount shall become immediately due and payable. If an Event of Default specified in Sections 5.01(g) or (h) occurs with respect to the Company and is continuing, then all the Notes shall ipso facto become and be

immediately due and payable, in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Trustee or any Holder.

At any time after such declaration or acceleration has been made with respect to the Notes, and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided hereinafter in this Article, the Holders of at least a majority in aggregate principal amount of the Outstanding Notes, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

- (a) the Company has paid or irrevocably deposited with the Trustee a sum sufficient to pay
 - (i) all sums paid or advanced by the Trustee under Section 6.07 and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;
 - (ii) all overdue interest on all Notes;
 - (iii) the principal and the premium, if any, on any Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates presented therefor by the terms of the Notes, to the extent that payment of such interest is lawful; and
 - (iv) interest upon overdue interest at the rate or rates presented therefor by the terms of the Notes, to the extent that payment of such interest is lawful; and
- (b) all Events of Default with respect to the Notes, other than the nonpayment of principal of the Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent Default or impair any right consequent thereon.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if

- (a) default is made in the payment of any interest on any Note when such interest becomes due and payable and such default continues for a period of 30 days, or
- (b) default is made in the payment of the principal of (or premium, if any, on) any Note at the Stated Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise) thereof,

The Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes the whole amount then due and payable on such Notes for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent that

payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate or rates as may be presented therefor by the terms of any such Note.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Notes, wherever situated.

If an Event of Default with respect to any Notes occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Notes under this Indenture by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy.

The rights and remedies under this Section are in addition to the other rights and remedies under this Article V or Article XIII.

SECTION 5.04. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Company or the property of the Company, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, and premium, if any, and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, composition or other similar arrangement affecting the Notes or the rights of any

Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.05. Trustee May Enforce Claims Without Possession of Notes. All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes in respect of which such judgment has been recovered.

SECTION 5.06. Application of Money Collected. Any money collected by the Trustee with respect to the Notes pursuant to this Article or otherwise on behalf of the Holders or the Trustee pursuant to this Article or through any proceeding or any arrangement or restructuring in anticipation or in lieu of any proceeding contemplated by this Article shall be applied, subject to applicable law, in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 6.07;

SECOND: To the payment in full of the amounts then due and unpaid upon the Notes for principal, premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Notes for principal, premium, if any, and interest; and

THIRD: The balance, if any, to the Person or Persons entitled thereto as a court of competent jurisdiction shall direct, or to the Company; *provided* that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

SECTION 5.07. Limitation on Suits. No Holder of any Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to Notes;

(b) the Holders of not less than 25% in principal amount of the outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered, and if requested have provided, to the Trustee an indemnity satisfactory to the Trustee in its sole discretion against the costs, expenses and liabilities that may be incurred in compliance with such request;

SECTION 5.12. Control by Holders. The Holders of not less than a majority in aggregate principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; *provided that*:

(a) such direction shall not be in conflict with any rule of law or with this Indenture (including, without limitation, Section 5.07) or expose the Trustee to personal liability; and.

(b) subject to the provisions of Section 315 of the Trust Indenture Act, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 5.13. Waiver of Past Defaults. The Holders of not less than a majority in aggregate principal amount of the Outstanding Notes may on behalf of the Holders of all the Notes waive any past Default hereunder and its consequences, except a Default

(a) in the payment of the principal of, premium, if any, or interest on any Notes, or

(b) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Note affected by such modification or amendment.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 5.14. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Note by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Notes to which the suit relates, or to any suit instituted by any Holder for the enforcement of the payment of the principal of, premium, if any, or interest on any Note on or after the respective Stated Maturities expressed in such Note (or, in the case of redemption, on or after the Redemption Date).

SECTION 5.15. Waiver of Stay, Extension or Usury Laws. The Company (to the extent that it may lawfully do so) covenants that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other similar law wherever enacted, now or at any time hereafter in force, which

would prohibit or forgive the Company from paying all or any portion of the principal of, premium, if any, or interest on the Notes contemplated herein or in the Notes or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.16. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Indenture are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

ARTICLE VI

The Trustee

SECTION 6.01. Duties of Trustee. (a) If a Default or an Event of Default with respect to any Notes actually known to the Trustee has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be charged with knowledge of any Default or Event of Default with respect to any Notes, Asset Sale or Change of Control unless written notice thereof shall have been delivered to a Responsible Officer by the Company or any other Person.

(b) Except during the continuance of a Default or an Event of Default with respect to any Notes actually known to the Trustee:

(1) the Trustee need perform only those duties as are specifically set forth in this Indenture and no covenants or obligations shall be implied in this Indenture that are adverse to the Trustee; and

(2) in the absence of bad faith or wilful misconduct on its part, the Trustee may with respect to any Notes, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and.

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction of the Holders of a majority in principal amount of Outstanding Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power confirmed upon the Trustee under this Indenture.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any loss, expense, fees or financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or loss, expense, fees or financial liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (d) of this Section.

(f) The Trustee shall not be liable for interest on any money or assets received by it except as the Trustee may agree with the Company. Assets held in trust by the Trustee need not be segregated from other assets except to the extent required by law.

SECTION 6.02. Notice of Defaults. Within 30 days after a Responsible Officer of the Trustee receives notice of the occurrence of any Default with respect to any Notes, the Trustee shall, at the Company's expense, transmit by mail to all Holders of such Notes or any other persons entitled to receive reports pursuant to Trust Indenture Act Section 313(c), as their names and addresses appear in the Note Register, notice of such Default, unless such Default shall have been cured or waived; *provided, however*, that, except in the case of a Default in the payment of the principal of, premium, if any, or interest on any Note, the Trustee shall be protected in withholding such notice if and so long as a Responsible Officer of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of such Notes.

SECTION 6.03. Certain Rights of Trustee. Subject to the provisions of Trust Indenture Act Sections 315(a) through 315(d):

(a) the Trustee may rely conclusively and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) wherever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to the taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) in the absence of bad faith on its part, may rely conclusively, upon an Officers' Certificate and/or an Opinion of Counsel;

(d) the Trustee may consult with counsel and any written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon in accordance with such advice or Opinion of Counsel;

(e) notwithstanding any other provisions contained in this Indenture, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee in its sole discretion against the costs, expenses and liabilities which might be incurred therein or thereby in compliance with such request or direction;

(f) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture other than any liabilities arising out of the negligence or wilful misconduct of the Trustee;

(g) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, appraisal, bond, debenture, note, coupon, security or other paper or document; but the Trustee in its discretion may make such further inquiry or investigation in accordance with any of the provisions of this Indenture into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine such relevant books, records and premises of the Company as may be reasonable, personally or by agent or attorney;

(h) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(i) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights and powers.

SECTION 6.04. Trustee Not Responsible for Recitals, Dispositions of Notes or Application of Proceeds Thereof. The recitals contained herein and in the Notes, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Notes, except that the Trustee represents that

it is duly authorized to execute and deliver this Indenture, authenticate the Notes and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Company are true and accurate subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of Notes or the proceeds thereof.

SECTION 6.05. Trustee and Agents May Hold Notes; Collections; etc. The Trustee, any Paying Agent, Note Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Notes, with the same rights it would have if it were not the Trustee, Paying Agent, Note Registrar or such other agent and, subject to Trust Indenture Act Sections 310 and 311, may otherwise deal with the Company and receive, collect, hold and retain collections from the Company with the same rights it would have if it were not the Trustee, Paying Agent, Note Registrar or such other agent.

SECTION 6.06. Money Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Except for funds or securities deposited with the Trustee pursuant to Article IV, the Trustee shall only be required to invest moneys received by the Trustee, until used or applied as herein provided, in Temporary Cash Investments in accordance with the directions of the Company.

SECTION 6.07. Compensation and Indemnification of Trustee and Its Prior Claim. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which, to the extent lawful, shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Company covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, bad faith or wilful misconduct. When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 5.01(g) or Section 5.01(h), the expenses (including the reasonable compensation and the expenses and disbursements of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law. The Company also covenants to indemnify the Trustee and each predecessor Trustee, and their respective officers, agents and employees for, and to hold them harmless against, any claim, loss, liability, tax, assessment or other governmental charge (other than taxes applicable to the Trustee's compensation hereunder) or expense incurred without negligence, bad faith or wilful misconduct on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including enforcement of this Section and also including any liability which the Trustee may incur as a result of failure to withhold, pay or report any tax, assessment or other governmental charge, and the costs and expenses of defending itself against or investigating any claim of liability in the premises. The obligations of the Company under this Section to compensate and indemnify the Trustee and each predecessor

Trustee and to pay or reimburse the Trustee and each predecessor Trustee for expenses, disbursements and advances shall constitute an additional obligation hereunder and shall survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee and each predecessor Trustee. As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of Holders of particular Notes.

SECTION 6.08. Conflicting Interests. The Trustee shall comply with the provisions of Section 310(b) of the Trust Indenture Act. Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the second to last paragraph of Section 310(b) of the Trust Indenture Act.

SECTION 6.09. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under the Trust Indenture Act Section 310(a)(1) and which shall have a combined capital and surplus of at least \$100,000,000, and have a Corporate Trust Office in The City of New York to the extent there is such an institution eligible and willing to serve. If the Trustee does not have an office in The City of New York, the Trustee shall appoint an agent in The City of New York reasonably acceptable to the Company to conduct any activities which the Trustee is required under this Indenture to conduct in The City of New York. The Trustee may not rescind any such agency without the consent of the Company, which consent may not be unreasonably withheld, unless the Trustee appoints a satisfactory replacement or has a Corporate Trust Office in The City of New York. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of Federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.10. Resignation and Removal; Appointment of Successor Trustee.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 6.11.

(b) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to any Notes by giving written notice thereof to the Company. Upon receiving such notice of resignation, the Company shall use its best efforts to promptly appoint a successor Trustee by Board Resolution or written instrument executed by authority of the Board of Directors, a copy of which shall be delivered to the resigning Trustee and a copy to the successor Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, or any Holder who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

(c) The Trustee may be removed with respect to any Notes at any time by an Act of the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of Trust Indenture Act Section 310(b) with respect to any Notes after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Note for at least six months, or

(2) the Trustee shall cease to be eligible under Section 6.09 with respect to any Notes and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting with respect to any Notes or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (i) the Company by a Board Resolution may remove the Trustee, with respect to any Notes or in the case of bankruptcy or insolvency or receivership pursuant to clause (3) above, with respect to all Notes, or (ii) subject to Section 5.14, any Holder of any Note who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee with respect to the Notes, or in the case of bankruptcy or insolvency or receivership pursuant to clause (3) above, with respect to all Notes. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting with respect to any Notes, or if a vacancy shall occur in the office of Trustee with respect to any Notes for any cause, the Company, by a Board Resolution or written instrument executed by authority of the Board of Directors, shall use its best efforts to promptly appoint a successor Trustee for such Notes and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, the Company or a court of competent jurisdiction has not appointed a successor Trustee, a successor Trustee with respect to such Notes shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes delivered to the Company and the retiring Trustee, and the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee with respect to such Notes and supersede the successor Trustee appointed by the Company with respect to such Notes. If no successor Trustee shall have been so appointed by the Company or the Holders of such Notes and accepted appointment in the manner hereinafter provided, any Holder of a Note who has been a bona fide Holder of a Note for at least six months may, subject to Section 5.14, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to such Notes.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to any Notes and each appointment of a successor Trustee with respect to any Notes by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Notes as their names and addresses appear in the Note Register. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office or agent hereunder.

SECTION 6.11. Acceptance of Appointment by Successor. In case of the appointment hereunder of a successor Trustee with respect to the Notes, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee under this Indenture with respect to any such Notes; but, nevertheless, on the written request of the Company or the successor Trustee, upon payment of its charges then unpaid, such retiring Trustee shall pay over to the successor Trustee all moneys at the time held by it hereunder with respect to any such Notes and shall execute and deliver an instrument transferring to such successor Trustee all such rights, powers, duties and obligations.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such Trustee or such successor Trustee to secure any amounts then due such Trustee pursuant to the provisions of Section 6.07.

No successor Trustee with respect to the Notes shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall be eligible to act as Trustee under the provisions of Trust Indenture Act Section 310(a) and this Article VI and shall have a combined capital and surplus of at least \$100,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 6.09 in The City of New York.

Upon acceptance of appointment by any successor Trustee as provided in this Section, the Company shall give notice thereof to the Holders of the Notes, by mailing such notice to such Holders at their addresses as they shall appear on the Note Register. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 6.10. If the Company fails to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Company.

SECTION 6.12. Merger, Conversion, Consolidation or Succession to Business. Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto; *provided* such

Person shall be eligible under Trust Indenture Act Section 310(a) and this Article VI and shall have a combined capital and surplus of at least \$100,000,000.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Notes so authenticated; and, in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, amalgamation, conversion or consolidation.

SECTION 6.13. Preferential Collection of Claims Against the Company. If and when the Trustee shall be or become a creditor of the Company, the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company.

ARTICLE VII

Holders' Lists and Reports by Trustee and the Company

SECTION 7.01. Company to Furnish Trustee Names and Addresses of Holders. The Company will furnish or cause to be furnished to the Trustee:

- (a) semiannually, not more than 10 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Notes as of such Regular Record Date; and
- (b) at such other times as the Trustee may reasonably request in writing, within 30 days after receipt by the Company of any such request, a list of similar form and content to that in subsection (a) hereof as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that if and so long as the Trustee shall be the Note Registrar for Notes, no such list need be furnished with respect to such Notes.

SECTION 7.02. Disclosure of Names and Addresses of Holders. Every Holder of Notes, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders in accordance with Trust Indenture Act Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable or liable by reason of mailing any material pursuant to a request made under Trust Indenture Act Section 312.

SECTION 7.03. Reports by Trustee. (a) Within 60 days after May 15 of each year commencing with the first May 15 after the issuance of Notes, the Trustee shall transmit by

mail, at the Company's expense, to all Holders, as their names and addresses appear in the Note Register, as provided in Trust Indenture Act Section 313(c), a brief report dated as of such May 15 in accordance with and with respect to the matters required by Trust Indenture Act Section 313(a).

(b) The Trustee shall promptly transmit to the Company a copy of any report it transmits to Holders of such Notes pursuant to this Section.

SECTION 7.04. Reports by the Company. The Company shall do the following:

(a) file with the Trustee, in accordance with Section 10.17 hereof, and in any event within 30 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company is required to file with the Commission separately or together with the Note Guarantors pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall (i) deliver to the Trustee annual audited financial statements of the Company and its Restricted Subsidiaries, prepared on a Consolidated basis in conformity with GAAP, within 120 days after the end of each fiscal year of the Company, and (ii) file with the Trustee and the Commission, in accordance with, and so long as not prohibited by, the rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as is required from time to time by such rules and regulations (including such rules and regulations, if any, referred to in Trust Indenture Act Section 314(a)); and

(c) transmit by mail to all Holders or any other persons entitled to receive a report pursuant to Trust Indenture Act Section 313(c), within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in Trust Indenture Act Section 313(c), such summaries of any information, documents and reports required to be filed by the Company pursuant to Section 10.17 hereunder and subsections (a) and (b) of this Section as are required and not prohibited by rules and regulations prescribed from time to time by the Commission.

ARTICLE VIII

Consolidation, Merger, Sale of Assets

SECTION 8.01. Company May Merge, Consolidate, etc., Only on Certain Terms.

(a) The Company shall not, in a single transaction or a series of related transactions, consolidate with, amalgamate or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Affiliated Persons, or permit any of its Restricted Subsidiaries to enter into any such transaction or transactions (other than, in the case of a Restricted Subsidiary, such a consolidation, amalgamation, merger or transfer with or to one or more Restricted Subsidiaries) if such transaction or transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Affiliated Persons, unless at the time and after giving effect thereto:

- (i) either (a) the Company shall be the continuing corporation or (b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or amalgamated or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis (the "Surviving Entity") shall be a corporation duly organized and validly existing under the laws of Canada or any province thereof or of the United States of America, any state thereof or the District of Columbia and shall expressly assume, by a supplemental Indenture hereto (and to the extent necessary, a supplemental Security Agreement), executed and delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, all the obligations of the Company under the Notes and this Indenture and the Security Agreement, and this Indenture and the Security Agreement (and the Trustee's security interest in the Senior Notes Collateral) will remain in full force and effect;
- (ii) immediately before and immediately after giving effect to such transaction on a pro forma basis, no Default or Event of Default shall have occurred and be continuing;
- (iii) immediately after giving effect to the transaction on a pro forma basis, the Consolidated Net Worth of the Surviving Entity is not less than the Consolidated Net Worth of the Company and the Restricted Subsidiaries immediately prior to the transaction;
- (iv) if any of the property or assets of the Company or any of its Restricted Subsidiaries would thereupon become subject to any Lien, the provisions of Section 10.11 are complied with; and
- (v) the Company or the Surviving Entity shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each to the effect that such

consolidation, merger, amalgamation, transfer, sale, assignment, lease or other transaction and the supplemental Indenture in respect thereof comply with the provisions described in this Section 8.01(a) and that all conditions precedent herein provided for in this Section 8.01(a) relating to such transaction have been complied with.

(b) None of the Note Guarantors will, in a single transaction or series of related transactions, consolidate with or merge or amalgamate with or into any other Person (other than the Company, in which case the requirements of the foregoing paragraph would apply), or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets on a Consolidated basis to any Person (other than the Company) if such transaction or transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of any such Note Guarantor to any other Person or group of Affiliated Persons, unless at the time and after giving effect thereto:

(i) either (a) such Note Guarantor shall be the continuing corporation or (b) the Person (if other than such Note Guarantor) formed by such consolidation or into which any such Note Guarantor is merged or amalgamated or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of such Note Guarantor shall be a corporation duly organized and validly existing under the laws of Canada or any province thereof or the United States of America, any state thereof or the District of Columbia and shall (except where the Note Guarantor is the continuing corporation) expressly assume, by a supplemental Indenture hereto (and, to the extent necessary, a supplemental Security Agreement and supplemental Support Agreement), executed and delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, all the obligations of such Note Guarantor under the Notes, this Indenture, the Security Agreement and the Support Agreement (as applicable), and this Indenture, the Security Agreement (and the Trustee's security interest in the Senior Notes Collateral) and Support Agreement (as applicable) shall remain in full force and effect;

(ii) immediately before and immediately after giving effect to such transaction on a pro forma basis, no Default or Event of Default shall have occurred and be continuing; and

(iii) such Note Guarantor shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, amalgamation, sale, assignment, conveyance, transfer, lease or other transaction and the supplemental Indenture in respect thereof (and, to the extent necessary, such supplemental Security Agreement and supplemental Support Agreement) comply with the provisions described in this Section 8.01(b), and that all conditions precedent herein provided for in this Section 8.01(b) relating to such transactions have been complied with.

(c) Notwithstanding anything in this Article Eight to the contrary, any Guarantee by a Restricted Subsidiary of the Notes may be released in accordance with the provisions of Section 10.12(b).

SECTION 8.02. Successor Substituted. Upon any consolidation, amalgamation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets on a Consolidated basis of the Company or any Note Guarantor in accordance with Section 8.01 with respect to which the Company or any Note Guarantor is not the continuing corporation, the successor Person formed by such consolidation or into which the Company or such Note Guarantor is merged or the successor Person to which such sale, assignment, conveyance, transfer, lease or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Note Guarantor, as the case may be, under this Indenture, with the same effect as if such successor had been named as the Company or a Note Guarantor, as the case may be, herein. When a successor assumes all the obligations and covenants of its predecessor under this Indenture or the Notes, the predecessor shall be released from those obligations and covenants; *provided that*, in the case of a transfer by lease, the predecessor shall not be released from the payment of principal and interest on the Notes or, in the case of a Note Guarantor, its Guarantee.

Any successor to the Company described in the foregoing paragraph may cause to be signed, and may issue either in its own name or in the name of the Company, any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor, instead of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Notes which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Notes which such successor thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution of this Indenture.

ARTICLE IX

Supplemental Indentures

SECTION 9.01. Supplemental Indentures and Agreements Without Consent of Holders. Without the consent of any Holders of the Notes, the Company, each Note Guarantor and the Trustee, at any time and from time to time, may enter into one or more Indentures supplemental hereto, in form and substance reasonably satisfactory to the Trustee, for any of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provision in this Indenture or the Notes which may be defective or inconsistent with any other provision in this Indenture or the Notes;

(b) to evidence the succession of another Person to the Company or any Note Guarantor, and the assumption by any such successor of the covenants of the Company or such Note Guarantor, as the case may be, herein and in the Notes;

(c) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(d) to add Guarantees with respect to the Notes or release Guarantees as provided by the terms of this Indenture;

(e) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the Holders as additional security, pursuant to the requirements of Section 10.11, Article XIV, the Security Agreement or otherwise, for the payment and performance of the Indenture Obligations, in any property or assets, including any which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted, to the Trustee pursuant to this Indenture, the Security Agreement or otherwise;

(f) to add to the covenants of the Company or its Restricted Subsidiaries, as applicable, for the benefit of the Holders of the Notes (and if such covenants or the surrender of such right or power are to be for the benefit of less than all Notes, stating that such covenants are expressly being included or such surrenders are expressly being made solely for the benefit of one or more specified Notes), or to surrender any right or power conferred upon the Company or its Restricted Subsidiaries by this Indenture or the Notes;

(g) to comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act, as contemplated by Section 9.05 or otherwise;

(h) if necessary, to effect any addition or release of Senior Notes Collateral permitted under this Indenture or the Security Agreement;

(i) to evidence and provide the acceptance of the appointment of a successor Trustee hereunder;

(j) to clarify or make any other provisions with respect to matters or questions arising under this Indenture or the Notes; *provided that*, in each case, such clarification or provision thus made shall not adversely affect the interests of the Holders; and

(k) to establish any form of Note, as provided in Article Two, and to provide for the issuance of any Notes as provided in Article Three and to set forth the terms thereof, and/or to add to the rights of the Holders of the Notes.

SECTION 9.02. Supplemental Indentures and Agreements with Consent of Holders. Except as permitted by Section 9.01, with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes affected by such supplemental indenture or indentures, by Act of said Holders delivered to the Company and the Trustee, the

Company and each Note Guarantor (if a party thereto) and the Trustee may (i) enter into an indenture or indentures supplemental hereto, in form and substance reasonably satisfactory to the Trustee, for the purpose of adding any provisions to or amending, modifying or changing in any manner or eliminating any of the provisions of this Indenture or the Notes (including, but not limited to, for the purpose of modifying in any manner the rights of the Holders of the Notes under this Indenture), (ii) modify or amend the Intercreditor Agreement, the Support Agreement, and the Security Agreement (except as otherwise provided therein) or (iii) waive compliance with any provision in this Indenture, the Notes (other than waivers of past Defaults covered by Section 5.13 and waivers of covenants which are covered by Section 10.19), the Intercreditor Agreement, the Support Agreement and the Security Agreement; *provided, however*, that no such supplemental indenture, agreement or instrument shall, without the consent of the Holder of each outstanding Note affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Notes or waive a default in the payment of the principal or interest on any Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof;

(b) amend, change or modify the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 10.14, including amending, changing or modifying any of the provisions or definitions with respect thereto;

(c) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required for any such supplemental indenture or the consent of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or certain Defaults hereunder and their consequences provided for in this Indenture or for any modifications or amendments to the Intercreditor Agreement, the Support Agreement or the Security Agreement;

(d) modify any of the provisions of this Section or Section 5.13 or 10.19, except to increase the percentage of Outstanding Notes required for such actions or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Note affected thereby;

(e) except as otherwise permitted under Article VIII, consent to the assignment or transfer by the Company or RMI of any of its respective rights and obligations under this Indenture; or

(f) amend or modify any of the provisions of (i) this Indenture relating to the ranking of the Notes or any guarantee in any manner adverse to the Holders or (ii) the International Subordination Agreement or the RMI Subordination Agreement relating to the Indebtedness of NBI and the Company under or in respect of the International

Intercompany Note and of the Company under the Support Agreement, respectively, in any manner adverse to the Holders.

Upon the written request of the Company, accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture or agreement, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.03. Execution of Supplemental Indentures and Agreements. In executing, or accepting the additional trusts created by, any supplemental indenture, agreement or instrument permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Trust Indenture Act Section 315(a) through 315(d) and Section 6.03 hereof) shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate to the effect that the execution of such supplemental indenture, agreement or instrument is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture, agreement or instrument which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.04. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 9.06. Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Notes modified so as to conform to any such supplemental indenture, in the opinion of the Trustee and the Board of Directors, may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Notes.

SECTION 9.07. Record Date. If the Company shall solicit from the Holders of any Notes any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders of the Notes entitled to consent to any supplemental indenture, agreement or instrument or any waiver, and shall promptly notify the Trustee of any such record date. If a record date is fixed, those Persons who were Holders of the Notes at such record date (or their duly designated

proxies), and only those Persons, shall be entitled to consent to such supplemental indenture, agreement or instrument or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. The record date shall be a date no more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such solicitation is completed. No such consent shall be valid or effective for more than six months after such record date. Subject to applicable law, until any supplemental indenture, agreement, instrument or waiver becomes effective, or a consent to it by a Holder of a Note shall cease to be valid and effective as set forth in the preceding sentence, such consent is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note.

ARTICLE X

Covenants

SECTION 10.01. Payment of Principal, Premium and Interest. With respect to each Note, the Company will duly and punctually pay the principal of, premium, if any, and interest on such Note in accordance with the terms of such Note and this Indenture.

SECTION 10.02. Maintenance of Office or Agency. The Company will maintain in The City of New York an office or agency where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The office of the Trustee at 40 Broad Street, 5th Floor, New York, NY 10004, shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Notes may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

SECTION 10.03. Money for Note Payments to be Held in Trust. The Company will, on or before Noon, New York time, on each due date of the principal of, premium, if any, or interest on, the Notes, deposit with a Paying Agent (which shall not be the Company) a sum in same-day funds sufficient to pay the principal, premium, if any, or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or

interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure so to act.

The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (a) hold all sums held by it for the payment of the principal of, premium, if any, or interest on, the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (b) give the Trustee notice of any Default by the Company (or any other obligor upon the Notes) in the making of any payment of principal, premium, if any, or interest on the Notes;
- (c) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent; and
- (d) acknowledge, accept and agree to comply in all aspects with the provisions of this Indenture relating to the duties, rights and liabilities of such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to the Notes or for any other purpose, by the Company Order direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent in respect of the Notes as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Company in respect of all Notes, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal and premium, if any, or interest has become due and payable shall promptly be paid to the Company upon Company Request; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such payment to the Company, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will promptly be repaid to the Company.

SECTION 10.04. Corporate Existence. Subject to Article VIII, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its

corporate existence and related rights and franchises (charter and statutory) of the Company and each Restricted Subsidiary, *provided, however*, that the Company shall not be required to preserve any such right or franchise or the corporate existence of any such Restricted Subsidiary if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries as a whole and that the loss thereof would not reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations hereunder; and *provided further, however*, that the foregoing shall not prohibit a sale, transfer or conveyance of a Restricted Subsidiary or any of its assets in compliance with the terms of this Indenture.

SECTION 10.05. Payment of Taxes and Other Claims. The Company will pay or discharge or cause to be paid or discharged, on or before the date the same shall become due and payable, (a) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Restricted Subsidiary shown to be due on any tax return of the Company or any Restricted Subsidiary or otherwise assessed or upon the income, profits or property of the Company or any Restricted Subsidiary and (b) all material lawful claims for labor, materials and supplies, which, if unpaid, would by law become a Lien upon the property of the Company or any Restricted Subsidiary, except for any Lien permitted to be Incurred under Section 10.11; *provided, however*, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings properly instituted and diligently conducted and in respect of which appropriate reserves (in the good-faith judgment of management of the Company) are being maintained in accordance with GAAP consistently applied.

SECTION 10.06. Maintenance of Properties. The Company will cause all material properties owned by the Company or any Restricted Subsidiary or used or held for use in the conduct of its business or the business of any Restricted Subsidiary to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be consistent with sound business practice and reasonably necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided, however*, that nothing in this Section shall prevent the Company from discontinuing the maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of the business of the Company and its Restricted Subsidiaries and not reasonably expected to have a material adverse effect on the ability of the Company to perform its obligations hereunder.

SECTION 10.07. Insurance. The Company will at all times keep all of its and its Restricted Subsidiaries' properties which are of an insurable nature reasonably self-insured or insured with insurers, believed by the Company to be responsible, against loss or damage to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties in the same general geographic areas in which the Company and its Restricted Subsidiaries operate, except where the failure to do so would not reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or prospects of the Company and its Restricted Subsidiaries, taken as a whole.

SECTION 10.08. Limitation on Indebtedness. The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness, including any Acquired Indebtedness, but excluding any Permitted Indebtedness.

SECTION 10.09. Limitation on Restricted Payments. (a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(i) declare or pay any dividend or make any other distribution or payment on or in respect of the Company's Capital Stock (including dividends or distributions of the Capital Stock of any Subsidiary), or make any other payment to the direct or indirect holders (in their capacities as such) of the Company's Capital Stock (other than (x) the Permitted Distribution and (y) dividends or distributions payable in shares of the Company's Qualified Capital Stock or in options, warrants or other rights to acquire such Qualified Capital Stock);

(ii) purchase, redeem or otherwise acquire or retire for value, directly or indirectly, any Capital Stock of the Company or any Capital Stock of any Affiliate of the Company (other than Capital Stock of any Restricted Subsidiary or Capital Stock of a Person that is, or immediately following such repurchase will become, a Restricted Subsidiary), or options, warrants or other rights to acquire such Capital Stock;

(iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness (other than Subordinated Indebtedness owing by the Company to any Restricted Subsidiary, by any Restricted Subsidiary to the Company or by any Restricted Subsidiary to any other Restricted Subsidiary) or make any cash interest payment on the International Intercompany Note;

(iv) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (x) dividends and distributions on Preferred Stock of Restricted Subsidiaries or (y) dividends and distributions made to any Person on a pro rata basis consistent with the ownership interests in such Capital Stock to the owners of such Capital Stock, except that, in the case of the Capital Stock of a Restricted Subsidiary that has provided a Guarantee, (i) no Default or Event of Default shall have occurred and be continuing; and (ii) no holders of any other Indebtedness of the Company or any Restricted Subsidiary shall have an Acceleration Right);

(v) Incur, create or assume any guarantee of Indebtedness of any Affiliate of the Company (other than a Restricted Subsidiary of the Company);

(vi) make any Restricted Investment in any Person; or

(vii) designate any Restricted Subsidiary as an Unrestricted Subsidiary;

(any of the payments described in paragraphs (i) through (vii) above, other than any such action that is a Permitted Payment (as defined below), collectively, "Restricted Payments") unless at the time of and after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, as determined by the Board of Directors, whose

determination shall be conclusive and evidenced by a Board Resolution), (1) no Default or Event of Default shall have occurred and be continuing; (2) no holders of any other Indebtedness of the Company or any Restricted Subsidiary shall have an Acceleration Right; and (3) the aggregate amount expended by the Company and its Restricted Subsidiary (*provided that, in the case of a Restricted Payment by a Restricted Subsidiary, such Restricted Payment is calculated for the purposes of this paragraph (3) by multiplying the amount of the Restricted Payment by the percentage of the Company's common equity interest in such Restricted Subsidiary at the time of such Restricted Payment*) in connection with all Restricted Payments made subsequent to the Issue Date, taken together with any payments made pursuant to paragraph (b)(viii) below, shall not exceed the sum of (without duplication):

(A) 50% of the aggregate cumulative Adjusted Net Cash Flow of the Company and its Restricted Subsidiaries accrued during the period (treated as a single accounting period) beginning on the first day of the Company's fiscal quarter commencing prior to the date of this Indenture and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment; *plus*

(B) the aggregate Net Cash Proceeds received after the date of this Indenture by the Company from the issuance or sale (other than to any of its Restricted Subsidiaries) of its Qualified Capital Stock or any options, warrants or rights to purchase such Qualified Capital Stock (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness of the Company as set forth in (b)(iv) and (b)(v) below); *plus*

(C) the aggregate Net Cash Proceeds received after the date of this Indenture by the Company (other than from any of its Restricted Subsidiaries) upon the exercise of any options or warrants to purchase Qualified Capital Stock of the Company subsequent to the Issue Date (except to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness of the Company as set forth in (b)(iv) and (b)(v) below); *plus*

(D) the aggregate amount by which any Permitted Indebtedness of the Company or any Restricted Subsidiary is reduced after the date of this Indenture as a result of the conversion or exchange of debt securities or Redeemable Capital Stock of the Company that has been converted into or exchanged for Qualified Capital Stock of the Company to the extent such debt securities or Redeemable Capital Stock plus the aggregate Net Cash Proceeds received by the Company at the time of any such conversion or exchange were originally sold for cash; *plus*

(E) the aggregate Net Cash Proceeds received after the Issue Date by the Company from cash capital contributions made to the Company (other than from a Restricted Subsidiary, and other than cash capital contributions made pursuant to the Support Agreement); *plus*

(F) the aggregate Net Cash Proceeds of any (x) sale or other disposition of Restricted Investments (which Investment was made after the Issue Date) made by the Company or a Restricted Subsidiary, (y) dividends or other distributions, whether

liquidating or otherwise, from, or the sale of capital stock of, an Unrestricted Subsidiary, or (z) dividends or other distributions, whether liquidating or otherwise, from Restricted Investments (which Investment was made after the Issue Date); *plus*

(G) with respect to any Unrestricted Subsidiary that is redesignated by the Board of Directors as a Restricted Subsidiary, an amount equal to the lower of (x) the fair market value (as determined by a majority of the Independent Directors of the Board of Directors and evidenced by a Board Resolution) of the Company's or a Restricted Subsidiary's interest in such Unrestricted Subsidiary or (y) the amount of the original Investment by the Company or such Restricted Subsidiary in such Unrestricted Subsidiary plus any additional Investment made in such Unrestricted Subsidiary after the date such Subsidiary was so designated; *provided* that in determining the amount of the Investment by the Company or such Restricted Subsidiary in (1) any Subsidiary designated as an Unrestricted Subsidiary as of the date of this Indenture, such amount shall be the fair market value of such Unrestricted Subsidiary as at the date of this Indenture, (2) any Restricted Subsidiary that is designated as an Unrestricted Subsidiary after the date of this Indenture, such amount shall be the fair market value of such Unrestricted Subsidiary as at the date of such designation, and (3) any Investment made in an Unrestricted Subsidiary after the date such Subsidiary was so designated, such amount shall be equal to the cash amount so invested or the fair market value of any property contributed; *plus*

(H) Cdn. \$30,000,000.

The sum of the amounts provided for in clauses (3)(A) through (3)(H) above, less the aggregate amount of Restricted Payments made by the Company and its Restricted Subsidiaries, is referred to in this Indenture as the "RP Available Amount."

(b) Notwithstanding the foregoing (and, in the case of clauses (ii) through (viii) below, so long as (1) no Default or Event of Default shall have occurred and be continuing or shall occur as a consequence of the actions or payments set forth therein and (2) no holders of any other Indebtedness of the Company or any Restricted Subsidiary have an Acceleration Right), the foregoing provisions will not prohibit the following actions (clauses (i) through (viii) of this subsection (b) being referred to as "Permitted Payments"):

(i) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at such date of declaration such payment would be permitted by the provisions of paragraph (a) of this Section and such payment will be deemed to have been paid on such date of declaration for purposes of the calculation required by paragraph (a) of this Section;

(ii) the payment of any dividend or distribution on (1) the Series II Preferred Shares (and any Capital Stock issued in connection with the purchase, redemption, retirement or other refinancing of the Series II Preferred Shares permitted under this Indenture), in an amount not to exceed the aggregate dividends paid by Hollinger International to the Company on Class A Common Stock that corresponds to the number of shares of Class A Common Stock into which the Series II Preferred Shares are

exchangeable and (2) the Series III Preferred Shares (and any Capital Stock issued in connection with the purchase, redemption, retirement or other refinancing of the Series III Preferred Shares permitted under this Indenture), in an amount not to exceed Cdn. \$9 million in any calendar year;

(iii) the payment of any dividend or distribution on the retractable common shares of the Company in an amount not to exceed the aggregate cash amount received by the Company from RCL or RMI after the Issue Date in the form of a Subordinated Intercompany Loan;

(iv) any repurchase, redemption or other acquisition or retirement of any shares of Capital Stock of the Company in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of a substantially concurrent issue and sale for cash (other than to a Restricted Subsidiary) of, (A) other Qualified Capital Stock of the Company or (B) in the case of a retraction of the Company's retractable Capital Stock, shares of Class A common stock of Hollinger International; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clauses (B) and (C) of paragraph (a) of this Section;

(v) any repurchase, redemption; defeasance, retirement or acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or out of the net proceeds of, a substantially concurrent issuance and sale for cash (other than to any Restricted Subsidiary of the Company) of, any Qualified Capital Stock of the Company; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock are excluded from clauses (B) and (C) of paragraph (a) of this Section;

(vi) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock) (a "refinancing") through the issuance of new Subordinated Indebtedness of the Company; *provided* that any such new Subordinated Indebtedness (1) shall be in a principal amount that does not exceed the principal amount so refinanced (or, if the Subordinated Indebtedness so refinanced provides for an amount less than the principal amount thereof to be due and payable upon a declaration or acceleration thereof, then such lesser amount as of the date of determination), plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of such refinanced Indebtedness and any reasonable out-of-pocket expenses of the Company incurred in connection with such refinancing; (2) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Notes; (3) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Notes; and (4) is expressly subordinated in right of payment to the Notes at least to the same extent as the Indebtedness to be refinanced;

(vii) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of redemption amount of the Company's Series III

Preferred Shares through the issuance of either (1) new Subordinated Indebtedness of the Company of which not more than 50% in principal amount of such Subordinated Indebtedness has a Stated Maturity occurring earlier than that of the Notes, (2) new Redeemable Capital Stock of the Company, or (3) a combination of clauses (1) and (2) above; *provided*, in each case, that such new Subordinated Indebtedness or Redeemable Capital Stock or combination thereof shall be in an aggregate principal amount or redemption amount, as the case may be, that does not exceed the redemption amount of the Series III Preferred Shares so refinanced plus any reasonable out-of-pocket expenses of the Company Incurred in connection with such refinancing; and

(viii) the repurchase, redemption, defeasance, retirement, acquisition for value or payment of redemption amount of the Company's Series III Preferred Shares (1) on the mandatory redemption date of such shares on April 30, 2004 or (2) pursuant to the exercise by the holder of such shares of the retraction right attached to such shares.

(c) For purposes of this Section, if the Board of Directors designates a Restricted Subsidiary as an Unrestricted Subsidiary, a "Restricted Payment" shall be deemed to have been made in an amount equal to the fair value of the Investment of the Company and its other Restricted Subsidiaries in such Unrestricted Subsidiary as determined by the Board of Directors with the concurrence of a majority of the Independent Directors (there being at least one Independent Director), whose good faith determination shall be conclusive. If a particular Restricted Payment involves a non-cash payment, including a distribution of assets, then such Restricted Payment shall be deemed to be in an amount equal to the fair market value of the non-cash portion of such Restricted Payment as determined by the Board of Directors, whose good faith determination shall be conclusive.

SECTION 10.10. Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than the Company or a Restricted Subsidiary) unless (a) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction in arm's-length dealings with an unrelated third party and (b) with respect to any transaction or series of related transactions involving aggregate payments in excess of \$1,000,000, the Company delivers an Officers' Certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above and such transaction or series of related transactions has been approved by a majority of the Independent Directors of the Board of Directors (or, if the Company ceases to be a public company, by a majority of the members of the Board of Directors); *provided* that any transaction or series of related transactions otherwise permitted under this paragraph (other than any transaction or series of related transactions with respect to the making of any Restricted Payment permitted pursuant to Section 10.09) pursuant to which the Company or any Restricted Subsidiary shall receive or render value exceeding \$5,000,000 shall not be permitted unless, prior to the consummation of any such transaction or series of related transactions, the Company shall have received an opinion, from an independent nationally recognized investment banking firm or firm experienced in the appraisal or similar

review of similar types of transactions, that such transaction is fair to the Company from a financial point of view; *provided further* that this covenant shall not apply to:

(i) transactions or agreements as in effect or securities outstanding on the date of this Indenture (*provided* that any amendment to any existing agreement, and any transaction pursuant to the Business Opportunities Agreement, shall require approval pursuant to this covenant; notwithstanding the foregoing, any amendment to the Services Agreement or the Business Opportunities Agreement shall only require the approval of a majority of the Independent Directors of the Board of Directors);

(ii) directors' fees approved by the Board of Directors;

(iii) any employee benefit plan or arrangement entered into or made available to officers or other employees of the Company or the Restricted Subsidiaries in the ordinary course of business;

(iv) the performance by RMI, RCL, the Company and any Restricted Subsidiary of their respective obligations under the Support Agreement (and the related Contribution Agreement), the Security Documents and this Indenture or the contribution by RMI or RCL of any voluntary support amounts to the Company;

(v) for so long as the Company is a public company, any sale to Hollinger International of shares of Capital Stock of Hollinger International held by the Company or its Restricted Subsidiaries for fair value (as determined by a majority of the Independent Directors of the Board of Directors); and

(vi) a purchase by RMI or its Affiliates from the Company or any of its Restricted Subsidiaries and substantially concurrent sale in an arm's-length transaction by RMI or its Affiliates to a third party (other than an Affiliate of the Company or RMI) or to Hollinger International of shares of Capital Stock of Hollinger International where the purchase and sale were undertaken at the same price and RMI delivers an Officers' Certificate to the Trustee certifying that such purchase and sale of such shares were undertaken at the same price.

SECTION 10.11. Limitation on Liens. (a) The Company will not, and will not permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Lien on any of its assets or properties of any character, or any shares of Capital Stock or indebtedness of any Restricted Subsidiary, without making effective provision for all of the Notes and all other amounts due under this Indenture to be directly secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien.

(b) The foregoing limitation does not apply to:

(i) Liens (other than on the Capital Stock of NBI (until and unless the NBI Guarantee shall have been released in accordance with this Indenture) or any of the Senior Notes Collateral) securing indebtedness incurred under the Credit Facility that is permitted to be incurred under the definition of "Permitted Indebtedness";

(ii) Liens existing on the Issue Date;

(iii) Liens granted after the Issue Date on any assets or Capital Stock of the Company or its Restricted Subsidiaries created in favor of the Holders;

(iv) Liens with respect to the assets of a Restricted Subsidiary granted by such Restricted Subsidiary to the Company or a Restricted Subsidiary to secure Indebtedness owing to the Company or such other Restricted Subsidiary;

(v) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (viii) of the definition of "Permitted Indebtedness"; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(vi) Liens on any property or assets or capital stock of a Restricted Subsidiary securing Indebtedness of such Restricted Subsidiary permitted under the definition of "Permitted Indebtedness"; or

(vii) Permitted Liens.

SECTION 10.12. Limitation on Issuances of Guarantees of Indebtedness. (a)

The Company will not permit any Restricted Subsidiary (other than NBI), directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any Indebtedness of the Company (other than pursuant to a Credit Facility) unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture providing for a senior Guarantee of the Notes and if such Indebtedness of the Company is by its terms *pari passu* with or expressly subordinated to the Notes, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be *pari passu* with or subordinated to such Restricted Subsidiary's Guarantee to the same extent as such Indebtedness is *pari passu* with or subordinated to the Notes.

(b) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Notes that is provided pursuant to the foregoing paragraph may provide by its terms that it shall be automatically and unconditionally released and discharged (i) upon any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary, which sale, exchange or transfer is in compliance with this Indenture, (ii) if the Restricted Subsidiary issuing such Guarantee ceases to be a Restricted Subsidiary or (iii) upon the release by the holders of the Indebtedness of the Company described in paragraph (a) above of their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at a time when (A) no other Indebtedness of the Company or any Restricted Subsidiary has been guaranteed by such Restricted Subsidiary or (B) the holders of all such other Indebtedness which is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness).

SECTION 10.13. Limitation on Sale of Assets. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(i) at least 75% of the proceeds from such Asset Sale are received in cash (*provided* that the amount of (A) any Pari Passu Indebtedness of the Company or Indebtedness of any such Restricted Subsidiary that is *pari passu* with any guarantee of the Notes (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of the Company or any such Restricted Subsidiary that is assumed by the transferee of any asset in connection with any Asset Sale and (B) any deferred payment obligations received by the Company or any such Restricted Subsidiary as proceeds of an Asset Sale that are concurrently with the Asset Sale converted into cash without recourse to the Company or any of its Restricted Subsidiaries shall be deemed to be cash for purposes of this provision; *provided further* that for purposes of this clause (i), "cash" shall include any cash proceeds received from the sale of securities received in an Asset Sale as long as, at the time of such Asset Sale, the Company or its Restricted Subsidiary, as applicable, has entered into a legally binding agreement for the sale of such securities and such securities are sold within 90 days of such Asset Sale; and *provided further* that this clause (i) shall not apply to

(x) any contribution, sale or other disposition of shares of Capital Stock of Hollinger International held by the Company or its Restricted Subsidiaries (other than the Pledged Share Collateral) to Hollinger International or its Subsidiaries in satisfaction of such portion of any Indebtedness owed by the Company or any of its Restricted Subsidiaries to Hollinger International or its Subsidiaries under the International Intercompany Note as is no less than 90% of the aggregate Current Market Price of the shares of Capital Stock of Hollinger International so contributed, sold or disposed of, so long as and to the extent that the repayment of such Indebtedness would be permitted under the provisions of Section 10.09 and Section 10.10, or

(y) any sale of an interest in the Company's newspaper businesses in the Cayman Islands held through Holcay Holdings Ltd., or in Costa Rica held through 172847 Canada Limited, to Hollinger International or its Subsidiaries in satisfaction of such portion of any Indebtedness owed by the Company or any of its Restricted Subsidiaries to Hollinger International or its Subsidiaries under the International Intercompany Note as is equal to the fair market value of the shares or assets so sold, so long as and to the extent that the repayment of such Indebtedness would be permitted under the provisions of Section 10.09 and Section 10.10; and

(ii) The Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the fair market value of the shares or assets sold (as determined by the Board of Directors of the Company and evidenced by a Board Resolution). The value of any properties or assets (other than cash) received pursuant to an Asset Sale shall be determined by the Board of Directors of the Company and evidenced by a Board Resolution; *provided*, that if the value of the asset which is the

subject of the Asset Sale is in excess of \$5,000,000, the value of the properties or assets received shall be determined by an independent nationally recognized investment banking firm or firm experienced in the appraisal or similar review of similar types of assets.

(b) The Company will, and will cause its Restricted Subsidiaries to, apply 100% of the Net Cash Proceeds of any Asset Sale:

(i) *first*, (A) to the extent the Company elects, to the reinvestment by the Company or such Restricted Subsidiary in properties and assets that (as determined by the Board of Directors) replace the properties and assets that were the subject of the Asset Sale or in properties and assets that will be used in the businesses of the Company or its Restricted Subsidiaries existing on the date of this Indenture or in businesses reasonably related thereto or (B) to the extent the Company elects to the making of an offer to purchase (an "Offer"), out of such amount of the Net Cash Proceeds as the Company shall determine to allocate for such purpose (the "Allocated Proceeds"), a principal amount of Notes equal to the Notes Amount (as defined in clause (c) below) and (to the extent so required by the terms of the debt instrument governing such Indebtedness) a principal amount of Pari Passu Indebtedness equal to the Pari Passu Amount (as defined in clause (c) below), any such Offer pursuant to this clause (b)(i)(B) to be conducted in accordance with the procedures set forth in clause (c) below (substituting the term "Allocated Proceeds" in place of any reference therein with "Excess Proceeds") and in this Indenture (with any Deficiency (as defined in clause (c) below) occurring after such Offer to be excluded from the calculation of Excess Proceeds and treated the same as a Deficiency occurring after an Offer made using Excess Proceeds), any such application pursuant to clauses (A) and (B) to be made within 12 months of receipt of such Net Cash Proceeds;

(ii) *second*, to the extent of the balance of such Net Cash Proceeds after application in accordance with clause (i) above, to make an Offer to purchase Notes pursuant to and subject to the conditions set forth below; *provided, however*, that if the Company elects (or is required by the terms of any Pari Passu Indebtedness), such Offer may be made ratably to purchase the Notes and any Pari Passu Indebtedness of the Company (any Net Cash Proceeds from Asset Sales (excluding any Deficiency resulting from an Offer made using Allocated Proceeds pursuant to clause (b)(i)(B)) that are not applied as provided in clause (i) above shall constitute "Excess Proceeds"); and

(iii) *third*, to the extent of the balance of any Excess Proceeds after application in accordance with clauses (i) and (ii) above, for any general corporate purpose permitted pursuant to the terms of this Indenture;

provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clauses (i)(B) and (ii) above, the Company or such Restricted Subsidiary will retire such Indebtedness and (in the case of the Credit Facility, to the extent of any borrowings thereunder that have been converted to a term loan as permitted under this Indenture) will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased.

(c) When the aggregate amount of Excess Proceeds equals or exceeds \$5,000,000, the Company shall apply the Excess Proceeds to the repayment of the Notes and any Pari Passu Indebtedness required to be repurchased under the instrument governing such Pari Passu Indebtedness as follows: (i) the Company shall make an offer to purchase (an "Offer") from all Holders, in accordance with the procedures set forth in this Indenture, in the maximum principal amount (expressed as a multiple of \$1,000) of Notes that may be purchased out of an amount (the "Note Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Notes tendered) and (ii) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Note Amount; *provided* that in no event shall the Pari Passu Debt Amount exceed the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date (the "Purchase Date") such Offer is consummated (the "Offered Price"), in accordance with the procedures set forth below. To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall, if any, constituting a "Deficiency"), the Company may use such Deficiency for any purpose not otherwise prohibited by this Indenture. Upon completion of the purchase of all Notes tendered pursuant to an Offer and repurchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(d) Whenever the aggregate amount of Excess Proceeds received by the Company exceeds \$5,000,000, such Excess Proceeds shall, prior to the purchase of Notes or any Pari Passu Indebtedness described in paragraph (c) above, be set aside by the Company in a separate account pending (i) deposit with the depository or a Paying Agent of the amount required to purchase the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer and (ii) delivery by the Company of the Offered Price to the Holders or holders of Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer. Such Excess Proceeds may be invested in Temporary Cash Investments; *provided* that the maturity date of any such investment made after the amount of Excess Proceeds equals or exceeds \$5,000,000 shall not be later than the Purchase Date. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Temporary Cash Investments; *provided* that the Company shall not be entitled to such interest and shall not withdraw such interest from the separate account, if an Event of Default has occurred and is continuing.

(e) If the Company becomes obligated to make an Offer pursuant to paragraph (c) above, the Notes shall be purchased by the Company, at the option of the Holders thereof, in whole or in part in integral multiples of \$1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice is given to Holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act,

subject to proration in the event the Note Amount is less than the aggregate Offered Price of all Notes tendered.

(f) Notwithstanding any other provision hereof, with respect to the proceeds of an Asset Sale arising from the issuance of Capital Stock of a Restricted Subsidiary ("Issuance Proceeds"):

(i) Prior to the day following the fifth anniversary of the original issuance of the Notes, the Company shall not be required to use Issuance Proceeds to make an Offer to purchase Notes in an amount in excess of 25% of the original aggregate principal amount of the Notes. For greater certainty, the maximum amount of the Issuance Proceeds that may be applied to make an Offer to purchase Notes that has a date of purchase prior to the day following the fifth anniversary of the original issuance of the Notes is 25% of the original aggregate principal amount of the Notes less the aggregate principal amount of Notes previously purchased pursuant to a purchase offer using Issuance Proceeds. To the extent the aggregate amount of Notes tendered exceeds the permitted amount of the Offer, the tendered Notes shall be selected for repurchase on a pro-rata basis.

(ii) Promptly after the fifth anniversary of the original issuance of the Notes, the Company shall be required to make an Offer to purchase Notes in accordance with the requirements set out in paragraph (c) above, in an aggregate amount equal to the aggregate amount of Issuance Proceeds in excess of 25% of the principal amount of the Notes that was not applied to purchase Offers pursuant to the provisions of this paragraph.

(g) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer.

(h) The Company shall not, and shall not permit any Restricted Subsidiary to, create or permit to exist or become effective any restriction that would expressly impair the ability of the Company to make an Offer to purchase the Notes or, if such Offer is made, to pay for the Notes tendered for purchase.

(i) Notwithstanding anything to the contrary herein, until and unless the NBI Guarantee shall have been released in accordance with this Indenture, the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale in respect of any of the Capital Stock or assets and properties of either Sugra or NBI to the extent that any such Asset Sale would impair the Lien in favor of the Collateral Agent in the Pledged Share Collateral.

(j) Within 30 days after the date on which the amount of Excess Proceeds equals or exceeds \$5,000,000, the Company shall send by first-class mail, postage prepaid, to the Trustee and to each Holder of the Notes, at such Holder's address appearing in the Note Register, a notice stating or including:

(i) that the Holder of such Notes has the right to require the Company to repurchase, subject to proration, part or all of such Holder's Notes at the Offered Price;

(ii) the Purchase Date;

(iii) the instructions a Holder of such Notes must follow in order to have its Notes purchased in accordance with paragraph (c) of this Section;

(iv) (A) the most recently filed annual report on Form 20-F or Form 40-F, as applicable (including audited consolidated financial statements), of the Company, and any report on Form 6-K of the Company furnished subsequent to such annual report, other than reports describing Asset Sales otherwise described in the offering materials (or corresponding successor reports) (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required pursuant to Section 10.17), (B) a description of material developments in the Company's business subsequent to the date of the latest of such reports, (C) if material, appropriate pro forma financial information, and (D) such other information, if any, concerning the business of the Company and its Restricted Subsidiaries which the Company in good faith believes will enable such Holders to make an informed investment decision regarding the Offer;

(v) the Offered Price;

(vi) the names and addresses of the Paying Agent and the offices or agencies referred to in Section 10.02;

(vii) that Notes must be surrendered at least three Business Days prior to the Purchase Date to the Paying Agent or to an office or agency referred to in Section 10.02 to collect payment;

(viii) that any Notes not tendered will continue to accrue interest and that unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the offer shall cease to accrue interest on and after the Purchase Date; and

(ix) the procedures for withdrawing a tender.

(k) Holders electing to have the Notes purchased hereunder will be required to surrender such Notes at the address specified in the notice at least three Business Days prior to the Purchase Date. Holders will be entitled to withdraw their election to have their Notes purchased pursuant to this Section if the Company receives, not later than three Business Days prior to the Purchase Date, a telegram, telex, facsimile transmission or letter setting forth (1) the name of the Holder, (2) the certificate number of the Note in respect of which such notice of withdrawal is being submitted, (3) the principal amount of the Note (which shall be \$1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which his election is to be withdrawn, (4) a statement that such Holder is withdrawing such Holder's election to have such principal amount of such Note purchased, and (5) the principal amount, if any, of such Note (which shall be \$1,000 or an integral multiple thereof) that remains subject to the original notice of the Offer and that has been or will be delivered for purchase by the Company.

(l) the Company shall (i) not later than the Purchase Date, accept for payment Notes or portions thereof tendered pursuant to the Offer, (ii) not later than 11:00 a.m. (New York time) on the Purchase Date, deposit with the Trustee or with a Paying Agent an amount of money in same day funds (or New York Clearing House funds if such deposit is made prior to the Purchase Date) sufficient to pay the aggregate Offered Price of all the Notes or portions thereof which are to be purchased on that date and (iii) not later than 11:00 a.m. (New York time) on the Purchase Date, deliver to the Paying Agent an Officers' Certificate stating the Notes or portions thereof have been accepted for payment by the Company.

The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest, if any, thereon, held by them for the payment of the Offered Price; *provided, however*, that (x) to the extent that the aggregate amount of cash deposited by the Company with the Trustee or a Paying Agent in respect of an Offer exceeds the aggregate Offered Price of the Notes or portions thereof to be purchased, then the Trustee or a Paying Agent shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly after the Business Day following the Purchase Date the Trustee or a Paying Agent shall return any such excess to the Company together with interest or dividends, if any, thereon.

(m) Notes to be purchased shall, on the Purchase Date, become due and payable at the Offered Price and from and after such date (unless the Company shall default in the payment of the Offered Price) such Notes shall cease to bear interest. The Offered Price shall be paid to such Holder promptly following the later of the Purchase Date and the time of delivery of such Note to the relevant Paying Agent at the office of such Paying Agent by the Holder thereof in the manner required. Upon surrender of any such Note for purchase in accordance with the foregoing provisions, such Note shall be paid by the Company at the Offered Price; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Purchase Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 3.08; *provided further* that Notes to be purchased are subject to proration in the event the Excess Proceeds are less than the aggregate Offered Price of all Notes tendered for purchase, with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of \$1,000 or integral multiples thereof shall be purchased. If any Note tendered for purchase in accordance with the terms of this Section shall not be so paid upon surrender thereof by deposit of funds with the Trustee or a Paying Agent in accordance with paragraph (j) above, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Purchase Date at the rate borne by such Note. Any Note that is to be purchased only in part shall be surrendered to a Paying Agent in accordance with the terms of this Section at the office of such Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and pursuant to a Company Order the Trustee shall authenticate and deliver to the Holder of such Note, without service charge, one or more new Notes of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Note so surrendered that is not purchased.

SECTION 10.14. Purchase of Notes upon a Change of Control. (a) If a Change of Control shall occur at any time, each Holder with respect to Notes shall have the right to require that the Company purchase such Holder's Notes, pursuant to an offer described in subsection (b) of this Section (a "Change of Control Offer"), in whole or in part in integral multiples of \$1,000, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date"), in accordance with the procedures set forth in paragraphs (b), (c), (d) and (e) of this Section.

(b) Within 30 days following any Change of Control, the Company shall notify the Trustee thereof and give written notice (a "Change of Control Purchase Notice") of such Change of Control to each Holder by first-class mail, postage prepaid, to the Trustee and to each Holder at his address appearing in the Note Register, stating or including:

A. that a Change of Control has occurred, the date of such event, and that such Holder has the right to require the Company to repurchase such Holder's Notes at the Change of Control Purchase Price;

B. the circumstances and relevant facts regarding such Change of Control (including but not limited to information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control, if any);

C. that the Change of Control Offer is being made pursuant to Section 10.14(a) and that all Notes properly tendered pursuant to the Change of Control Offer will be accepted for payment at the Change of Control Offer Purchase Price;

D. the Change of Control Purchase Date, which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act;

E. (i) the most recently filed annual report on Form 20-F or Form 40-F, as applicable (including audited consolidated financial statements), of the Company, and any report on Form 6-K of the Company furnished subsequent to such annual report (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required to be prepared by the Company pursuant to Section 10.17), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such reports and (iii) such other information, if any, concerning the business of the Company and its Restricted Subsidiaries which the Company in good faith believes will enable such Holders to make an informed investment decision regarding the Change of Control Offer;

F. the Change of Control Purchase Price;

G. the names and addresses of the Paying Agent and the offices or agencies referred to in Section 10.02;

H. that Notes must be surrendered at least three Business Days prior to the Change of Control Purchase Date to the Paying Agent at the Office of the Paying Agent or to an office or agency referred to in Section 10.02 to collect payment;

I. that the Change of Control Purchase Price for any Note which has been properly tendered and not withdrawn will be paid promptly following the Change of Control Purchase Date;

J. the procedures for withdrawing a tender of Notes and Change of Control Purchase Notice;

K. that any Note not tendered will continue to accrue interest; and

L. that, unless the Company defaults in the payment of the Change of Control Purchase Price, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date.

(c) Upon receipt by the Company of the proper tender of Notes, each Holder of a Note in respect of which such proper tender was made shall (unless the tender of such Note is properly withdrawn) thereafter be entitled to receive solely the Change of Control Purchase Price with respect to such Note. Upon surrender of any such Note for purchase in accordance with the foregoing provisions, such Note shall be paid by the Company at the Change of Control Purchase Price; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Change of Control Purchase Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 3.08. If any Note tendered for purchase in accordance with the provisions of this Section shall not be so paid upon surrender thereof by deposit of funds with the Paying Agent in accordance with paragraph (d) below, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Change of Control Purchase Date at the rate borne by such Note. Holders electing to have such Notes purchased will be required to surrender such Notes to the Paying Agent at the address specified in the notice at least three Business Days prior to the Change of Control Purchase Date. Any such Notes that are to be purchased only in part shall be surrendered to a Paying Agent in accordance with the provisions of this Section at the office of such Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and pursuant to a Company Order the Trustee shall authenticate and deliver to the Holder of such Note, without service charge, one or more new Notes of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Note so surrendered that is not purchased.

(d) The Company shall (i) not later than the Change of Control Purchase Date, accept for payment of Notes or portion thereof tendered pursuant to the Change of Control Offer, (ii) not later than 11:00 a.m. (New York time) on the Change of Control Purchase Date, deposit with the Paying Agent an amount of cash sufficient to pay the aggregate Change of Control Purchase Price of all the Notes or portions thereof which are to be purchased as of the Change of

Control Purchase Date and (iii) not later than 11:00 a.m. (New York time) on the Change of Control Purchase Date, deliver to the Paying Agent an Officers' Certificate stating the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Notes so accepted payment in an amount equal to the Change of Control Purchase Price of the Notes purchased from each such Holder. Any Notes not so accepted shall be promptly mailed or delivered by the Paying Agent at the Company's expense to the Holder thereof. The Company will publicly announce the results of the Change of Control Offer on the Change of Control Purchase Date. For purposes of this Section, the Company shall choose a Paying Agent which shall not be the Company.

(e) A tender made in response to a Change of Control Purchase Notice may be withdrawn before or after delivery by the Holder to the Paying Agent at the office of the Paying Agent of the Notes to which such Change of Control Purchase Notice relates, by means of a written notice of withdrawal delivered by the Holder to the Paying Agent at the office of the Paying Agent or to the office or agency referred to in Section 10.02 to which the related Change of Control Purchase Notice was delivered not later than three Business Days prior to the Change of Control Purchase Date specifying as applicable:

- (1) the name of the Holder;
- (2) the certificate number of the Note in respect of which such notice of withdrawal is being submitted;
- (3) the principal amount of the Note (which shall be \$1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which such notice of withdrawal is being submitted;
- (4) a statement that such Holder is withdrawing such Holder's election to have such principal amount of such Note purchased; and
- (5) the principal amount, if any, of such Note (which shall be \$1,000 or an integral multiple thereof) that remains subject to the original Change of Control Purchase Notice and that has been or will be delivered for purchase by the Company.

(f) As provided in the Notes, the Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest or dividends, if any, thereon, held by either of them for the payment of the Change of Control Purchase Price; *provided, however*, that (x) to the extent that the aggregate amount of cash deposited by the Company pursuant to clause (ii) of paragraph (d) above exceeds the aggregate Change of Control Purchase Price of the Notes or portions thereof to be purchased, then the Trustee or the Paying Agent shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly after the Business Day following the Change of Control Purchase Date, the Trustee or the Paying Agent shall return any such excess to the Company together with interest, if any, thereon.

(g) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

(h) Notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to repurchase the Notes pursuant to a Change of Control Offer, or otherwise comply with this Section, if the Company has elected to redeem all of the Notes in accordance with Article XI.

The Company shall not, and shall not permit any Subsidiary to, create or permit to exist or become effective any restriction that would expressly impair the ability of the Company to make a Change of Control Offer to purchase the Notes or, if such Change of Control Offer is made, to pay for the Notes tendered for purchase.

SECTION 10.15. Limitation on Issuance and Sale of Capital Stock of Restricted Subsidiaries. The Company will not permit:

- (a) any Restricted Subsidiary to issue any Capital Stock (other than to the Company or any Restricted Subsidiary); or
- (b) any Person (other than the Company or a Restricted Subsidiary) to acquire any Capital Stock of any Restricted Subsidiary from the Company or any Restricted Subsidiary,

except if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would continue to be a Restricted Subsidiary or if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer be a Restricted Subsidiary and the Company's Investment in such Person after giving effect to such issuance or sale would have been permitted to be made under the provisions of Section 10.09 as if made on the date of such issuance or sale (and such Investment shall be deemed to be an Investment made for the purposes of Section 10.09). The proceeds of any issuance or sale of such Capital Stock permitted hereby will be treated as Net Cash Proceeds from an Asset Sale and must be applied in accordance with the terms of Section 10.13 (including the limitation noted in paragraph (f) thereof).

Notwithstanding the foregoing, no issuance or sale of any Capital Stock of NBI (other than to the Company or any other Restricted Subsidiary) shall be permitted.

SECTION 10.16. Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distribution on its Capital Stock to the Company or any other Restricted Subsidiary, (b) pay any Indebtedness owed to the Company or any other Restricted Subsidiary, (c) make any Investment in the Company or (d) transfer any of its properties or assets to the Company or any Restricted Subsidiary, except (i) any encumbrance or restriction pursuant to or in connection with any agreement as in effect on the date of this Indenture, (ii) any encumbrance or restriction, with respect to a Restricted Subsidiary that is not a Restricted Subsidiary of the Company on the date of this Indenture, in existence at the time such Person becomes a Restricted Subsidiary of the Company and not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Company or any Restricted Subsidiary and (iv) any encumbrance or restriction existing under

any amendments, modifications, restatements, renewals, supplements, replacements or refinancings of the agreements containing the encumbrances or restrictions in the foregoing clauses (i) and (ii); *provided* that the terms and conditions of any such encumbrances or restrictions, taken as a whole, are not materially less favorable to the Holders than those under or pursuant to the agreement evidencing the indebtedness so extended, renewed, refinanced or replaced.

SECTION 10.17. Provision of Financial Statements. Whether or not the Company or RMI is subject to Section 13(a) or 15(d) of the Exchange Act, the Company and RMI will, to the extent permitted under the Exchange Act, file with, or furnish to, the Commission the annual reports and other documents that they would have been required to file with, or furnish to, the Commission pursuant to such Section 13(a) or 15(d), including any information relating to the Company and RMI as may be required by Regulation S-X under the Exchange Act or by the Commission, if they were so subject, such documents to be filed with, or furnished to, the Commission on or prior to the respective dates (the "Required Filing Dates") by which they would have been required so to file, or to furnish, such documents if they were so subject; *provided* that if and for so long as RMI is no longer subject to Section 13(a) or 15(d) of the Exchange Act, RMI may satisfy its obligations under this paragraph through the inclusion in the Company's annual reports and other documents filed with or furnished to the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act (or these provisions of this Indenture) of audited annual and unaudited quarterly financial statements for RMI prepared in accordance with GAAP, and reconciled to United States GAAP; *provided further* that at such time as RMI may become a 100% owned Restricted Subsidiary of the Company, RMI may satisfy its obligations under this paragraph through the inclusion in a footnote to the Company's consolidated financial statements of financial information for RMI, any other Guarantors of the Notes that are Subsidiaries of the Company and any non-Guarantor Subsidiaries, equivalent to that which would be required under Rule 3-10 of Regulation S-X. The Company will in any event (x) within 15 days of such Required Filing Date (i) transmit by mail to all Holders, as their names and addresses appear in the Note Register, without cost to such Holders and (ii) file with the Trustee copies of the annual reports and other documents (including the audited annual market value financial statements described above) which the Company and RMI would have been required to file with, or to furnish to, the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if they were subject to such Sections (subject to the proviso set forth in the immediately preceding sentence) and (y) if filing or furnishing such documents by the Company or RMI with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective Holders at the Company's cost. Commission means SEC

SECTION 10.18. Statement by Officers as to Default. (a) The Company and RMI will deliver to the Trustee, on or before a date not more than 45 days after the end of each fiscal quarter and not more than 90 days after the end of each fiscal year of the Company and RMI ending after the date hereof, a written statement signed by two executive officers of each of the Company and RMI, one of whom shall be the principal executive officer, principal financial officer or principal accounting officer of the Company and RMI, as applicable, stating whether or not, after a review of the activities of the Company and RMI during such year or such quarter and of the Company's and RMI's performance under this Indenture, to the best knowledge, based on such review, of the signers thereof, each of the Company and RMI has fulfilled all its

respective obligations and is in compliance with all conditions and covenants under this Indenture throughout such year or quarter, as the case may be, and, if there has been a Default, specifying each Default and the nature and status thereof.

(b) When any Default or Event of Default has occurred and is continuing, or if the Trustee or any Holder or the trustee for or the holder of any other evidence of Indebtedness of the Company or any Restricted Subsidiary gives any notice or takes any other action with respect to a claimed default, the Company shall deliver to the Trustee by registered or certified mail or by telegram, telex or facsimile transmission followed by hard copy an Officers' Certificate specifying such Default, Event of Default, notice or other action, the status thereof and what action the Company is taking or proposes to take with respect thereto, within five Business Days of its occurrence.

SECTION 10.19. Waiver of Certain Covenants. The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 10.05 through 10.13 and Sections 10.15 through 10.18 if, before or after the time for such compliance, the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding waive such compliance in such instance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

SECTION 10.20. Limitation on the Designation of Unrestricted Subsidiaries. (a) The Board of Directors may designate any Restricted Subsidiary as an Unrestricted Subsidiary if (i) such action is in compliance with Section 10.09 of this Indenture and (ii) such action complies with the definition of "Unrestricted Subsidiaries."

(b) The Board of Directors may not designate any Unrestricted Subsidiary as a Restricted Subsidiary unless any additional Indebtedness incurred as a result of giving effect to such action (and treating any Acquired Indebtedness as having been incurred at the time of such action) would constitute Permitted Indebtedness.

SECTION 10.21. Additional Amounts. (a) All payments made by the Company or any of the Note Guarantors under or with respect to the Notes shall be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (hereinafter "Taxes") imposed or levied by or on behalf of the government of Canada or any political subdivision or any authority or agency therein or thereof having power to tax, or within any other jurisdiction in which the Company or any such Note Guarantor is organized or is otherwise resident for tax purposes or any jurisdiction from or through which payment is made (each a "Relevant Taxing Jurisdiction"), unless it is required to withhold or deduct Taxes by law or by the interpretation or administration thereof.

(b) If the Company or any Note Guarantor is so required to withhold or deduct any amount for or on account of Taxes imposed by a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes, it will be required to pay such additional

amounts ("Additional Amounts") as may be necessary so that the net amount received by Holders (including Additional Amounts) after such withholding or deduction will not be less than the amount that such Holders would have received if such Taxes had not been withheld or deducted; *provided, however*, that the foregoing obligation to pay Additional Amounts does not apply (1) with respect to a payment made to a Holder (an "Excluded Holder") (A) with which the Company or such Note Guarantor does not deal at arm's length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment, or (B) which is subject to any Taxes by reason of the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust or corporation) and the Relevant Taxing Jurisdiction (other than the mere receipt of such payment or the ownership or holding outside of Canada of such Note); or (2) to any estate, inheritance, gift, sales, excise, transfer, personal property tax or similar tax, assessment or governmental charge ("Excluded Taxes"); nor will the Company or any Note Guarantor pay Additional Amounts if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment within 30 days after the date on which such payment or such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period).

(c) The Company and each Note Guarantor will also (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company and each Note Guarantor will furnish to the Holders, within 30 days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the Company or such Note Guarantor. The Company and each Note Guarantor will indemnify and hold harmless each Holder (other than an Excluded Holder or with respect to Excluded Taxes) and upon written request will reimburse each such Holder for the amount of (1) any Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Notes and (2) any Taxes levied or imposed and paid by such Holder with respect to any reimbursement under clause (1), but excluding any such Taxes on such Holder's income or net income.

(d) At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or the Note Guarantors will be obligated to pay Additional Amounts with respect to such payment, the Company and the Note Guarantors will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable, and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date.

(e) Whenever in this Indenture there is mentioned, in any context: (1) the payment of principal; (2) purchase prices in connection with a purchase of Notes; (3) interest; or (4) any other amount payable on or with respect to any of the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(f) The Company and the Note Guarantors will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies

that arise in any jurisdiction from the execution, delivery, enforcement or registration of the Notes, this Indenture or any other document or instrument in relation thereof, or the receipt of any payments with respect to the Notes, excluding such taxes, charges or similar levies imposed by any jurisdiction outside of Canada, the jurisdiction of incorporation of any successor of the Company or any of the Note Guarantors or any jurisdiction in which a paying agent is located, and the Company and the Note Guarantors will agree to indemnify the Holders for any such taxes paid by such Holders.

(g) The obligations of the Company and the Note Guarantors under this Section 10.21 will survive any termination, defeasance or discharge of this Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Company or any Note Guarantor, as applicable, is organized or any political subdivision or taxing authority or agency thereof or therein.

SECTION 10.22. Covenants of RMI, RCL and Sugra. (a) RMI hereby covenants not to assign the Services Agreement to any other party, other than (i) pursuant to the pledge of the Services Agreements to the Trustee and the Collateral Agent under this Indenture and the Security Documents or (ii) a Permitted Transfer. Additionally, RMI hereby covenants that, for so long as any of the Notes is outstanding, RMI will not form any other vehicle that would be used to provide the same services to Hollinger International and its Subsidiaries as those currently provided under the Services Agreements.

(b) RCL hereby covenants to vote its Capital Stock in RMI, and cause any subsequent holder of Capital Stock of RMI to vote such stock, so as to cause RMI to comply with its obligations under this Indenture, its Guarantee, the Support Agreement, the Security Documents and other transaction agreements. Additionally, RCL hereby covenants that, for so long as any of the Notes is outstanding, RCL will not form any other vehicle that would be used to provide the same services to Hollinger International and its Subsidiaries as those currently provided under the Services Agreements. These covenants of RCL will not be deemed to be a guarantee by RCL of the Notes.

(c) Sugra hereby covenants that, until and unless the NBI Guarantee shall have been released in accordance with this Indenture, it will not create, incur, assume or suffer to exist any Lien on any of its shares of Capital Stock of NBI. This covenant of Sugra will not be deemed to be a guarantee by Sugra of the Notes.

SECTION 10.23. Limitation on RMI's Business Activities. RMI shall not:

(a) Incur any Indebtedness other than its Guarantee of the Notes (and any refinancings or replacements thereof permitted under the definition of "Permitted Indebtedness");

(b) Create, incur, assume or suffer to exist any Lien on any of its assets or properties of any character; or

(c) engage in any business activities other than (i) the issuance of the RMI Guarantee, (ii) the performance of its obligations and pursuit of its rights under the Services Agreements, the Support Agreement and the Contribution Agreement or its

rights and obligations existing on the date hereof, (iii) the transactions contemplated in paragraph (vi) of Section 10.10, and (iv) activities incidental to those described in this clause (c).

ARTICLE XI

Redemption of Notes

SECTION 11.01. Right of Redemption. The Notes may be redeemed, at the election of the Company:

(a) as a whole or in part, at any time on or after March 1, 2007, subject to the conditions and at the Redemption Prices specified in the form of Note or in this Indenture and any Indenture supplemental hereto with respect to the Notes as provided in Exhibit A, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders of record of the Notes on relevant Regular Record Dates and Special Record Dates to receive interest due on relevant Interest Payment Dates) to the extent that this Article does not conflict with the terms of the form of Note;

(b) prior to March 1, 2006, on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes originally issued at a Redemption Price (expressed as a percentage of principal amount) of 111.875%, plus accrued and unpaid interest to the Redemption Date, with the net cash proceeds contributed to the Company from one or more Public Equity Offerings; and

(c) as a whole and not in part, upon not less than 30 nor more than 60 days' notice, at any time, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption only if, as a result of (1) any change in or amendment to the laws of Canada (or of any political subdivision or taxing authority therein or thereof) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings (including a judgment, holding or order by a court of competent jurisdiction), or (2) any change in the official application or interpretation (including a judgment, holding or order by a court of competent jurisdiction) of, or any execution of or amendment to, any treaty or treaties affecting taxation to which Canada (or such political subdivision or taxing authority) is a party, which change, amendment or treaty becomes effective on or after the date of this Indenture;

(i) the Company is or would be required on the next succeeding due date for a payment with respect to the Notes to pay any Additional Amounts with respect to the Notes pursuant to Section 10.21, or

(ii) with respect to any payment due or to become due under the Guarantees or this Indenture, RMI or NBI is, or on the next succeeding due date with respect to the Notes would be, required to pay any Additional Amounts pursuant to Section 10.21.

SECTION 11.02. Applicability of Article. Redemption of Notes at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article.

SECTION 11.03. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Notes pursuant to Section 11.01 shall be evidenced by a Company Order and an Officers' Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred. In case of any redemption at the election of the Company, the Company shall, not less than 30 nor more than 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice period shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of the Notes to be redeemed.

SECTION 11.04. Selection by Trustee of Notes to be Redeemed. (a) If less than all the Notes are to be redeemed, the portions of the Notes to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee (or such shorter period as the Trustee may agree upon), from the Outstanding Notes not previously called for redemption, by lot or such other method as the Trustee shall deem fair and reasonable, and the amounts to be redeemed may be equal to \$1,000 or any integral multiple thereof, unless otherwise provided in the terms of the Notes.

(b) The Trustee shall promptly notify the Company and the Note Registrar in writing of the Notes selected for redemption and, in the case of Notes selected for partial redemption, the principal amount thereof to be redeemed.

(c) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of such Note which has been or is to be redeemed.

SECTION 11.05. Notice of Redemption. (a) Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Notes to be redeemed, at his address appearing in the Note Register. All notices of redemption shall state:

- (i) the Redemption Date;
- (ii) the Redemption Price;
- (iii) if less than all the Outstanding Notes are to be redeemed, the identification of the particular Notes to be redeemed;
- (iv) in the case of a Note to be redeemed in part, the principal amount of such Note to be redeemed and that after the Redemption Date upon surrender of such Note, a new Note or Notes in the aggregate principal amount equal to the unredeemed portion thereof will be issued;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(vi) that on the Redemption Date the Redemption Price will become due and payable upon each such Note or portion thereof to be redeemed, and that (unless the Company shall default in payment of the Redemption Price) interest thereon shall cease to accrue on and after said date;

(vii) the place or places where such Notes are to be surrendered for payment of the Redemption Price; and

(viii) the CUSIP number, if any, relating to such Notes.

(b) Notice of redemption of Notes to be redeemed at the election of the Company shall be given by the Company or at the Company's written request, by the Trustee in the name and at the expense of the Company. If the Company elects to give notice of redemption, it shall provide the Trustee with a certificate stating that such notice has been given in compliance with the requirements of this Section.

(c) Such notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Note.

SECTION 11.06. Deposit of Redemption Price. Prior to 11:00 a.m., New York City time, on any Redemption Date, the Company shall irrevocably deposit with the Trustee or with a Paying Agent an amount of money in same day funds sufficient to pay the Redemption Price of, and, except if the Redemption Date shall be an Interest Payment Date, accrued interest on, all the Notes or portions thereof which are to be redeemed on that date. The Trustee or the Paying Agent shall hold in trust for, and return to, the Company promptly after the Business Day following the Redemption Date any interest or dividends, if any, earned on amounts deposited with the Trustee or the Paying Agent remaining after the payment of the aggregate Redemption Price for all Notes to be redeemed; *provided* that neither the Trustee nor the Paying Agent shall be under any obligation to place or invest such funds in an interest bearing account.

SECTION 11.07. Notes Payable on Redemption Date. (a) Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall not have deposited funds in accordance with Section 11.06 in respect of the payment of the Redemption Price and accrued interest) such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Company at the Redemption Price together with accrued interest to the Redemption Date; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 3.08.

(b) If any Note called for redemption shall not be so paid upon surrender thereof for redemption, by deposit or segregation of funds in accordance with Section 11.06, the principal and premium, if any, shall, until paid, bear interest from the Redemption Date at the rate then borne by such Note.

SECTION 11.08. Notes Redeemed or Purchased in Part. Any Note which is to be redeemed or purchased only in part shall be surrendered to the Paying Agent at the office or agency maintained for such purpose pursuant to Section 10.02 (with, if the Company, the Note Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Note Registrar or the Trustee as the case may be, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and pursuant to a Company Order the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the unredeemed portion of the principal of the Note so surrendered that is not redeemed or purchased.

ARTICLE XII

Satisfaction and Discharge

SECTION 12.01. Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes herein expressly provided for) and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either:

(i) all the Notes theretofore authenticated and delivered (other than (x) lost, stolen or destroyed Notes which have been replaced or paid as provided in Section 3.07 and (y) Notes for whose payment United States dollars have theretofore been irrevocably deposited in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.03) have been delivered to the Trustee for cancellation; or

(ii) all Notes not theretofore delivered to the Trustee for cancellation

(x) have become due and payable, or

(y) will become due and payable at their Stated Maturity within one year, or

(z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, including principal of, premium, if any, and accrued interest on the Notes at such Maturity, Stated Maturity or Redemption Date;

(b) the Company has paid all other sums payable hereunder by the Company;
and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each to the effect that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with and that such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, this Indenture.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 6.07 and, if United States dollars shall have been deposited with the Trustee pursuant to subclause (ii) of Subsection (a) of this Section, the obligations of the Trustee under Section 12.02 and the last paragraph of Section 10.03 shall survive.

SECTION 12.02. Application of Trust Money. Subject to the provisions of the last paragraph of Section 10.03, all United States dollars deposited with the Trustee pursuant to Section 12.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal of, premium, if any, and interest on the Notes for whose payment such United States dollars have been deposited with the Trustee.

ARTICLE XIII

Guarantees

SECTION 13.01. Guarantees. (a) For value received, RMI, in accordance with this Article XIII, hereby absolutely, unconditionally and irrevocably guarantees to the Trustee and the Holders, as if RMI were the principal debtor, the punctual payment and performance, on demand, when due of all Indenture Obligations (which for purposes of this Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this Guarantee).

(b) For value received, NBI, in accordance with this Article XIII, hereby absolutely, unconditionally and irrevocably guarantees to the Trustee and the Holders, as if NBI were the principal debtor, the punctual payment and performance, on demand, when due of all Indenture Obligations (which for purposes of this Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and

disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this Guarantee).

SECTION 13.02. Continuing Guarantee; No Right of Set-Off; Independent Obligation. (a) Each of the Guarantees shall be a continuing guarantee of the payment and performance of all Indenture Obligations and shall remain in full force and effect until the payment in full of all of the Indenture Obligations and shall apply to and secure any ultimate balance due or remaining unpaid to the Trustee (including the fees and expenses of its agents and counsel) or the Holders; and neither of the Guarantees shall be considered as wholly or partially satisfied by the payment or liquidation at any time or from time to time of any sum of money for the time being due or remaining unpaid to the Trustee or the Holders. Each of the Note Guarantors covenants and agrees to comply with all obligations, covenants, agreements and provisions applicable to it in this Indenture including those set forth in Article VIII and Section 10.17. Without limiting the generality of the foregoing, each of the Note Guarantors' liability shall extend to all amounts which constitute part of the Indenture Obligations and would be owed by the Company under this Indenture and the Notes but for the fact that they are unenforceable, reduced, limited, impaired, suspended or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company.

(b) Each of the Note Guarantors hereby guarantees that the Indenture Obligations will be paid to the Trustee without set-off or counterclaim or other reduction whatsoever (whether for taxes, withholding or otherwise) in lawful currency of the United States of America.

(c) Each of the Note Guarantors guarantees that the Indenture Obligations shall be paid strictly in accordance with their terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Holders.

(d) Each of the Note Guarantors' liability to pay or perform or cause the performance of the Indenture Obligations under the Guarantees shall arise forthwith after demand for payment or performance by the Trustee has been given to such Note Guarantor in accordance with the terms hereof and in the manner prescribed in Section 1.06 hereof.

(e) Except as provided herein, the provisions of this Article XIII cover all agreements between the parties hereto relative to the Guarantees and none of the parties shall be bound by any representation, warranty or promise made by any Person relative thereto which is not embodied herein; and it is specifically acknowledged and agreed that the Guarantees have been delivered by each of the Note Guarantors free of any conditions whatsoever and that no representations, warranties or promises have been made to any of the Note Guarantors affecting their liabilities hereunder, and that the Trustee shall not be bound by any representations, warranties or promises now or at any time hereafter made by the Company to either of the Note Guarantors.

SECTION 13.03. Guarantees Absolute. The obligations of each of the Note Guarantors hereunder are independent of the obligations of the Company under the Notes and this Indenture and a separate action or actions may be brought and prosecuted against any of the

Note Guarantors whether or not an action or proceeding is brought against the Company and whether or not the Company is joined in any such action or proceeding. The liability of each of the Note Guarantors hereunder is irrevocable, absolute and unconditional and (to the extent permitted by law) the liability and obligations of the Note Guarantors hereunder shall not be released, discharged, mitigated, waived, impaired or affected in whole or in part by:

(a) any defect or lack of validity or enforceability in respect of any Indebtedness or other obligation of the Company or any other Person under this Indenture or the Notes, or any agreement or instrument relating to any of the foregoing;

(b) any grants of time, renewals, extensions, indulgences, releases, discharges or modifications which the Trustee or the Holders may extend to, or make with, the Company, the Note Guarantors or any other Person, or any change in the time, manner or place of payment of, or in any other term of, all or any of the Indenture Obligations, or any other amendment or waiver of, or any consent to or departure from, this Indenture or the Notes, including any increase or decrease in the Indenture Obligations;

(c) the taking of security from the Company, the Note Guarantors or any other Person, and the release, discharge or alteration of, or other dealing with, such security;

(d) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Indenture Obligations and the obligations of the Note Guarantors hereunder;

(e) the abstention from taking security from the Company, the Note Guarantors or any other Person or from perfecting, continuing to keep perfected or taking advantage of any security;

(f) any loss, diminution of value or lack of enforceability of any security received from the Company, the Note Guarantors or any other Person, and including any other guarantees received by the Trustee;

(g) any other dealings with the Company, the Note Guarantors or any other Person, or with any security;

(h) the Trustee's or the Holders' acceptance of or entering into any composition with the Company or the Note Guarantors;

(i) the application by the Holders or the Trustee of all monies at any time and from time to time received from the Company, the Note Guarantors or any other Person on account of any indebtedness and liabilities owing by the Company or the Note Guarantors to the Trustee or the Holders, in such manner as the Trustee or the Holders deem best and the changing of such application in whole or in part and at any time or from time to time, or any manner of application of collateral, or proceeds thereof, to all or any of the Indenture Obligations, or the manner of sale of any Collateral;

(j) the release or discharge of the Company or the Note Guarantors or of any other Guarantor of the Notes or of any Person liable directly as surety or otherwise by operation of law or otherwise for the Notes, other than an express release in writing given by the Trustee, on behalf of the Holders, of the liability and obligations of the Note Guarantors hereunder;

(k) any change in the name, business, capital structure or governing instrument of the Company or the Note Guarantors or any refinancing or restructuring of any of the Indenture Obligations;

(l) the sale of the Company's or the Note Guarantors' business or any part thereof;

(m) subject to Section 13.14, any merger, amalgamation or consolidation, arrangement or reorganization of the Company, the Note Guarantors, any Person resulting from the merger, amalgamation or consolidation of the Company or the Note Guarantors with any other Person or any other successor to such Person or merged, amalgamated or consolidated Person or any other change in the corporate existence, structure or ownership of the Company or the Note Guarantors;

(n) the insolvency, bankruptcy, liquidation, winding-up, dissolution, receivership or distribution of the assets of the Company or its assets or any resulting discharge of any obligations of the Company (whether voluntary or involuntary) or of a Note Guarantor or the loss of corporate existence;

(o) subject to Section 13.14, any arrangement or plan of reorganization affecting the Company or the Note Guarantors;

(p) any other circumstance (including any statute of limitations) that might otherwise constitute a defense available to, or discharge of, the Company or the Note Guarantors; or

(q) any modification, compromise, settlement or release by the Trustee, or by operation of law or otherwise, of the Indenture Obligations or the liability of the Company or any other obligor under the Notes, or of any Collateral, in whole or in part, and any refusal of payment by the Trustee, in whole or in part, from any other obligor or other guarantor in connection with any of the Indenture Obligations, whether or not with notice to, or further assent by, or any reservation of rights against, the Note Guarantors.

SECTION 13.04. Right to Demand Full Performance. In the event of any demand for payment or performance by the Trustee from any of the Note Guarantors hereunder, the Trustee or the Holders shall have the right to demand their full claim and to receive all dividends or other payments in respect thereof until the Indenture Obligations shall have been paid in full, and the Note Guarantors shall continue to be liable hereunder for any balance which may be owing to the Trustee (including the fees and expenses of its agent and counsel) or the Holders by the Company under this Indenture and the Notes. The retention by the Trustee or the Holders of any security, prior to the realization by the Trustee or the Holders of their rights to such security upon foreclosure thereon, shall not, as between the Trustee and the Note

Guarantors, be considered as a purchase of such security, or as payment, satisfaction or reduction of the Indenture Obligations due to the Trustee or the Holders by the Company or any part thereof.

SECTION 13.05. Waivers. (a) Each of the Note Guarantors hereby expressly waives (to the extent permitted by law) notice of the acceptance of this Guarantee and notice of the existence, renewal, extension or the nonperformance, nonpayment, or nonobservance on the part of the Company of any of the terms, covenants, conditions and provisions of this Indenture or the Notes or any other notice whatsoever to or upon the Company or the Note Guarantors with respect to the Indenture Obligations. Each of the Note Guarantors hereby acknowledges communication to it of the terms of this Indenture and the Notes and all of the provisions therein contained and consents to and approves the same. Each of the Note Guarantors hereby expressly waives (to the extent permitted by law) diligence, presentment, protest, and any right to require a proceeding first against the Company.

(b) Without prejudice to any of the rights or recourses which the Trustee or the Holders may have against the Company, each of the Note Guarantors hereby expressly waives (to the extent permitted by law) any right to require the Trustee or the Holders to:

- (i) initiate or exhaust any rights, remedies or recourse against the Company, the Note Guarantors or any other Person;
- (ii) value, realize upon, or dispose of any security of the Company or any other Person held by the Trustee or the Holders; or
- (iii) initiate or exhaust any other remedy which the Trustee or the Holders may have in law or equity;

before requiring or becoming entitled to demand payment from any Note Guarantor under this Guarantee.

SECTION 13.06. Note Guarantors Remain Obligated in Event the Company Is No Longer Obligated to Discharge Indenture Obligations. It is the express intention of the Trustee and the Note Guarantors that if for any reason the Company has no legal existence, is or becomes under no legal obligation to discharge the Indenture Obligations owing to the Trustee or the Holders by the Company or if any of the Indenture Obligations owing by the Company to the Trustee or the Holders becomes irrecoverable from the Company by operation of law or for any reason whatsoever, the Guarantees and the covenants, agreements and obligations of the Note Guarantors contained in this Article XIII shall nevertheless be binding upon the Note Guarantors, as principal debtors, until such time as all such Indenture Obligations have been paid in full to the Trustee and all Indenture Obligations owing to the Trustee or the Holders by the Company have been discharged, or such earlier time as Section 4.02 shall apply to the Notes and the Note Guarantors shall be responsible for the payment thereof to the Trustee or the Holders upon demand.

SECTION 13.07. Waiver of Rights. Each of the Note Guarantors agrees (to the extent permitted by law) that it hereby waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, exoneration, contribution,

indemnity or subrogation (whether contractual, under Section 509 of Title Eleven of the United States Code, under common law or otherwise) or any similar rights or "claims" (as such term is defined under Title Eleven of the United States Code), against the Company or any Restricted Subsidiary arising from the existence of, or performance by, the Note Guarantors under this Guarantee, until such time as the Indenture Obligations have been paid in full.

SECTION 13.08. Guarantees Are in Addition to Other Security. The Guarantees shall be in addition to and not in substitution for any other guarantees or other security which the Trustee may now or hereafter hold in respect of the Indenture Obligations owing to the Trustee or the Holders by the Company and (except as may be required by law) the Trustee shall be under no obligation to marshal in favor of the Note Guarantors any other guarantees or other security or any moneys or other assets which the Trustee may be entitled to receive or upon which the Trustee or the Holders may have a claim.

SECTION 13.09. Release of Security Interests. Without limiting the generality of the foregoing and except as otherwise provided in this Indenture, each of the Note Guarantors hereby consents and agrees, to the fullest extent permitted by applicable law, that the rights of the Trustee hereunder, and the liability of each of the Note Guarantors hereunder, shall not be affected by any and all releases for any purpose of any Collateral, if any, from the Liens and security interests created by any document relating thereto and that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Indenture Obligations is rescinded or must otherwise be returned by the Trustee upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made. Notwithstanding any of the foregoing, NBI shall be released from its obligations as Note Guarantor upon the Company's request if all of the Designated Class A Shares and Class B Shares owned by NBI and pledged as part of the Pledged Share Collateral have been released from the security interest in favor of the Collateral Agent as permitted by and in accordance with the provisions of this Indenture and/or the Security Agreement.

SECTION 13.10. No Bar to Further Actions. Except as provided by law, no action or proceeding brought or instituted under this Article XIII and this Guarantee and no recovery or judgment in pursuance thereof shall be a bar or defense to any further action or proceeding which may be brought under this Article XIII and this Guarantee by reason of any further default or defaults under this Article XIII and this Guarantee or in the payment of any of the Indenture Obligations owing by the Company.

SECTION 13.11. Failure to Exercise Rights Shall Not Operate as a Waiver; No Suspension of Remedies. (a) No failure to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, power, privilege or remedy under this Article XIII and this Guarantee shall operate as a waiver thereof, nor shall any single or partial exercise of any rights, power, privilege or remedy preclude any other or further exercise thereof, or the exercise of any other rights, powers, privileges or remedies. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided in law or equity.

(b) Nothing contained in this Article XIII shall limit the right of the Trustee or the Holders to take any action to accelerate the maturity of the Notes pursuant to Article V or to pursue any rights or remedies hereunder or under applicable law.

SECTION 13.12. Trustee's Duties; Notice to Trustee. (a) Any provision in this Article XIII or elsewhere in this Indenture allowing the Trustee to request any information or to take any action authorized by, or on behalf of a Note Guarantor, shall be permissive and shall not be obligatory on the Trustee except as the Holders may direct in accordance with the provisions of this Indenture.

(b) The Trustee shall not be required to inquire into the existence, powers or capacities of the Company, the Note Guarantors or the officers, directors or agents acting or purporting to act on their respective behalf.

(c) Notwithstanding the provisions of this Article XIII or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Notes, unless and until the Trustee shall have received written notice thereof from a Note Guarantor; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 6.01, shall be entitled in all respects to assume that no such facts exist; *provided, however*, that if the Responsible Officer of the Trustee shall not have received any such notice from a Note Guarantor at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest on any Note), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date; nor shall the Trustee be charged with knowledge of the curing of any such default or the elimination of the act or condition preventing any such payment unless and until the Responsible Officer of the Trustee shall have received an Officers' Certificate to such effect.

(d) In the case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article XIII shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article XIII in addition to or in place of the Trustee; *provided, however*, that this Section shall not apply to the Company or any Affiliate of the Company if the Company or such Affiliate acts as Paying Agent.

SECTION 13.13. Successors and Assigns. All terms, agreements and conditions of this Article XIII shall extend to and be binding upon each Note Guarantor and its successors and permitted assigns and shall enure to the benefit of and may be enforced by the Trustee and its successors and assigns; *provided, however*, that neither Note Guarantor may assign any of its rights or obligations hereunder other than in accordance with Article VIII.

SECTION 13.14. Release of Guarantee. Concurrently with the payment in full of all of the Indenture Obligations, the Note Guarantors shall be released from and relieved of its obligations under this Article XIII. Upon the delivery by the Company to the Trustee of an Officers' Certificate and, if requested by the Trustee, an Opinion of Counsel to the effect that the transaction giving rise to the release of the Guarantees was made by the Company in accordance

with the provisions of this Indenture and the Notes, the Trustee shall execute any documents reasonably required in order to evidence the release of each Note Guarantor from its obligations under the Guarantees. If any of the Indenture Obligations are revived and reinstated after the termination of the Guarantees, then all of the obligations of the Note Guarantors under this Guarantee shall be revived and reinstated as if this Guarantee had not been terminated until such time as the Indenture Obligations are paid in full, and the Note Guarantors shall enter into an amendment to this Guarantee, reasonably satisfactory to the Trustee, evidencing such revival and reinstatement.

SECTION 13.15. Execution of Guarantees. To evidence the Guarantees, each of the Note Guarantors hereby agrees to execute a guarantee substantially in the form set forth in Exhibit A, to be endorsed on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Note Guarantor by its Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Notes may be manual or facsimile.

SECTION 13.16. Payment Permitted by Note Guarantors if No Default. Nothing contained in this Article XIII, elsewhere in this Indenture or in any of the Notes shall prevent a Note Guarantor from making payments at any time of principal of, premium, if any, or interest on the Notes.

ARTICLE XIV

Security

SECTION 14.01. Security. In order to secure the due and punctual payment of the Indenture Obligations and the Guarantee Obligations, when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, call for redemption or otherwise, and performance of all other obligations of the Company and Note Guarantors, to the Holders or the Trustee under this Indenture and in respect of the Notes, according to the terms hereof or thereof:

- (a) RMI will grant a first priority security interest over its right, title and interest in and to the Service Agreements,
- (b) the Company will grant a first priority security interest over its right, title and interest in and to the Support Agreement, and
- (c) each of the Company and NBI will grant a first priority security interest over its right, title and interest in and to the Pledged Share Collateral,

to the Collateral Agent on behalf of the Trustee and the Holders pursuant to the Security Documents and to the extent therein provided, no later than the Issue Date.

At the time the Security Documents are executed:

(i) RMI will have full right, power and lawful authority to grant, bargain, sell, release, convey, hypothecate, assign, mortgage, transfer and confirm, absolutely, its rights and interests under the Service Agreements,

(ii) the Company will have full right, power and lawful authority to grant, bargain, sell, release, convey, hypothecate, assign, mortgage, transfer and confirm, absolutely, its rights and interests under the Support Agreement, and

(iii) the Company and NBI will have full right, power and lawful authority to grant, bargain, sell, release, convey, hypothecate, assign, mortgage, transfer and confirm, absolutely, the property constituting the Pledged Share Collateral,

each in the manner and form done, or intended to be done, in the Security Documents, free and clear of all Liens whatsoever, and each of the Company, RMI and NBI will: (a) for so long as the Notes and the Guarantees are outstanding, warrant and defend the title to the same against the claims of all Persons whatsoever (unless the Senior Notes Collateral is released as provided herein, in the Security Documents or in the Intercreditor Agreement), (b) execute, acknowledge and deliver to the Collateral Agent and the Trustee such further assignments, transfers, assurances or other instruments as the Collateral Agent or the Trustee may require or request and (c) do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the Collateral Agent or the Trustee, to assure and confirm to the Collateral Agent and the Trustee the security interest in the Senior Notes Collateral contemplated hereby and by the Security Documents, or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Guarantees secured hereby, according to the intent and purposes herein expressed. The Security Documents will create a direct and valid Lien on the property constituting the Senior Notes Collateral as set forth in the Security Documents.

The Senior Notes Collateral shall secure the Indenture Obligations and the obligations under the Guarantees, and performance of all other obligations of the Company and Note Guarantors, up to the amount outstanding from time to time under the Notes. The claims of Holders against the Senior Notes Collateral will be subject to the Intercreditor Agreement. The Holders hereby authorize and direct the Trustee, or a Co-Trustee appointed by the Trustee, to enter into the Intercreditor Agreement on their behalf.

SECTION 14.02. Additional Security. To the extent (i) any Additional Notes are issued as permitted by this Indenture or (ii) as otherwise provided in the Indenture or Security Agreement, the assets, properties and contract rights constituting the Senior Notes Collateral may in the future be expanded in accordance with the terms of the Security Agreement.

SECTION 14.03. Recording and Opinions. The Company and each of the Note Guarantors will cause, at their own expense, the Security Documents, this Indenture and all amendments or supplements thereto to be registered, recorded and filed or re-recorded, re-filed and renewed in such manner and in such place or places, if any, as may be required by law in order fully to preserve and protect the Liens created by the Security Documents on all parts of the Senior Notes Collateral and to effectuate and preserve the security of the Holders and all rights of the Trustee and the Collateral Agent.

The Company and each of the Note Guarantors shall furnish to the Trustee:

(a) promptly after the execution and delivery of the Security Documents, an Opinion of Counsel either (i) stating that, in the opinion of such counsel, this Indenture and the assignment of the Senior Notes Collateral intended to be made by the Security Documents and all other instruments of further assurance or amendment have been properly recorded, registered and filed to the extent necessary to make effective the Lien intended to be created by the Security Documents, and reciting the details of such action or referring to prior opinions of counsel in which such details are given, and stating that as to the Security Documents such recording, registering and filing are the only recordings, registrations and filings necessary to give notice thereof and that no re-recordings, re-registrations or re-filings are necessary to maintain such notice, and further stating that all financing statements, continuation statements (or the equivalent thereof under the laws of Canada and any other relevant jurisdictions) and other instruments of further assurance have been executed and filed that are necessary fully to preserve and protect the rights of the Collateral Agent on behalf of the Holders and the Trustee hereunder and under the Security Documents, or (ii) stating that, in the opinion of such counsel, no such action is necessary to make such Lien and assignment effective; and

(b) within 30 days after July 1 in each year beginning with July 1, 2003, an Opinion of Counsel, dated as of such date, either (a) stating that, in the opinion of such counsel, such action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of all supplemental indentures, financing statements, continuation statements (or the equivalent thereof under the laws of Canada and any other relevant jurisdictions) or other instruments of further assurance as is necessary to maintain the Lien of the Security Documents and reciting the details of such action or referring to prior opinions of counsel in which such details are given, and stating that all financing statements and continuation statements or the equivalent thereof under the laws of Canada and any other relevant jurisdiction have been executed and filed that are necessary fully to preserve and protect the rights of the Collateral Agent on behalf of the Holders and the Trustee hereunder and under the Security Documents, or (b) stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien and assignment.

SECTION 14.04. Release and Disposition of Collateral. (a) The Senior Notes Collateral shall be subject to release solely as permitted below or in the Security Documents:

(i) upon the payment of all principal, premium, if any, and interest under this Indenture and the Notes, the Security Documents shall terminate and the Senior Notes Collateral shall be released from the Lien created by this Indenture and the Security Documents;

(ii) with respect to any of the Pledged Share Collateral, in the event of a redemption or repurchase in part of the Notes that is permitted or required by this Indenture, such number of Designated Class A Shares and/or Class B Shares shall be released from the security interest in favor of the Collateral Agent upon the Company's request in writing to the Collateral Agent and the Trustee, together with any Officers'

Certificate and Opinion of Counsel required under this Indenture, as bears the same proportion to the total number of Designated Class A Shares and Class B Shares comprising the Pledged Share Collateral as of the Issue Date as the proportion of the principal amount of Notes redeemed or repurchased to the original principal amount of Notes issued on the Issue Date, *provided* that the total number of Designated Class A Shares and Class B Shares comprising the Pledged Share Collateral after any portion thereof is released from the Lien under this Indenture and the Security Documents shall have an aggregate Current Market Price on the date of such release that is not less than 200 percent of the principal amount of Notes remaining Outstanding after giving effect to such redemption or repurchase;

(iii) with respect to any of the shares of Class A Common Stock included in the Designated Class A Shares pledged by either of the Company or NBI as part of the Pledged Share Collateral, such number of shares of Class A Common Stock out of the Designated Class A Shares so pledged shall be released from the security interest in favor of the Collateral Agent as the Company or NBI may request in writing to the Collateral Agent and the Trustee, together with any Officers' Certificate required under this Indenture, *provided* that, concurrent with the release of such shares, either the Company or NBI deposits with the Collateral Agent, free and clear of any Liens whatsoever, a number of shares of Class A Common Stock equal to the number of shares of Class A Common Stock released pursuant to this provision, in substitution of the shares of Class A Common Stock so released, such that after giving effect to this substitution, the total number of Designated Class A Shares included within the Pledged Share Collateral immediately prior to such release shall be the same as the number of Designated Class A Shares immediately after such release, *provided further* that the Company delivers to the Trustee and the Collateral Agent (a) an Officers' Certificate confirming that the shares of Class A Common Stock of Hollinger International delivered to the Collateral Agent in substitution of the shares of Class A Common Stock requested to be released are free and clear of any Liens whatsoever, and (b) an Opinion of Counsel that (i) the Collateral Agent has a valid, perfected security interest in the substitute shares of Class A Common Stock, and (ii) either (x) such action has been taken as is necessary to maintain the continuing validity of the security interest in favor of the Collateral Agent in the Designated Class A Shares not so substituted or (y) no such action is necessary to maintain such security interest;

(iv) upon a redemption of all of the Notes effected by the Company in accordance with Article XI, or legal defeasance effected by the Company in accordance with Article IV or upon a satisfaction and discharge effected by the Company in accordance with Article XII, all of the Senior Notes Collateral shall be released;

(v) upon the deposit by the Company in the Collateral Account with the Collateral Agent, as security for the Company's payment obligations with respect to that portion of the outstanding principal amount of the Notes (the "Cash Collateralized Notes") specified in a notice to the Trustee, cash in United States dollars, U.S. Government Obligations, or a combination thereof, in such amounts (the "Cash Collateralized Note Amount") as will be sufficient, in the opinion of a recognized firm of independent public accountants nationally recognized in the United States or in Canada,

to pay and discharge the principal of, premium, if any, and interest on the Cash Collateralized Notes on the Stated Maturity, such number of Designated Class A Shares and/or Class B Shares as the Company may request in writing to the Trustee and the Collateral Agent, together with any Officers' Certificate and Opinion of Counsel required under this Indenture, shall be released from the Lien under this Indenture and the Security Documents in favor of the Collateral Agent as bears the same proportion to the total number of Designated Class A Shares and Class B Shares comprising the Pledged Share Collateral as of the Issue Date as the proportion of the aggregate principal amount of the Cash Collateralized Notes to the original principal amount of Notes issued on the Issue Date, *provided* that the total number of Designated Class A Shares and Class B Shares comprising the Pledged Share Collateral after any portion thereof is released pursuant to this provision shall have an aggregate Current Market Price on the date of such release that is not less than 200 percent of the aggregate principal amount of Notes outstanding (excluding the Cash Collateralized Notes); or

(vi) by consent of Holders of 90% or more of the outstanding principal amount of the Notes, the Holders may elect to consent to the release of their Lien in the Senior Notes Collateral.

(b) The release of any portion of the Senior Notes Collateral from the Lien under this Indenture and the Security Documents pursuant to the terms hereof and of the Security Documents will not be deemed to impair the security interest under this Indenture in contravention of the provisions hereof. To the extent applicable, the Company and the Note Guarantors shall cause Trust Indenture Act § 314(d) relating to the release of property from the Lien under the Security Documents to be complied with. Any certificate or opinion required by Trust Indenture Act § 314(d) may be made by an Officer of the Company, except in cases in which Trust Indenture Act § 314(d) requires that such certificate or opinion be made by an independent Person.

SECTION 14.05. Enforcement of Claims Against Collateral. If the Notes become due and payable prior to their final Stated Maturity for any reason or are not paid in full at the final Stated Maturity and no payment has been made following a demand on either of the Guarantees, the Collateral Agent and the Trustee have the right to foreclose or otherwise realize upon the relevant Collateral in accordance with instructions from Holders of a majority in aggregate principal amount of the Notes. The proceeds received by the Collateral Agent and the Trustee upon a foreclosure or realization will be applied by the Collateral Agent and the Trustee first to pay the expenses of such foreclosure or realization and fees and other amounts then payable to the Collateral Agent and the Trustee under this Indenture, the Intercreditor Agreement and the Security Documents, and thereafter, to pay all amounts owing to Holders under this Indenture, the Notes and the Security Documents. Any remaining proceeds will be payable to the Company or as may otherwise be required.

SECTION 14.06. Authorization of Actions To Be Taken by the Trustee. Subject to the provisions of the Security Documents and the Intercreditor Agreement, the Trustee shall have power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Senior Notes Collateral by any acts which may be unlawful or in violation of the Security Documents and the Intercreditor Agreement, or this Indenture, and such

suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders in the Senior Notes Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or governmental enactment, rule, or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of the Holders or the Trustee). Notwithstanding anything herein or in any of the Security Documents to the contrary, subject to Article VI hereof, the Trustee assumes no responsibility for the validity, perfection, priority or enforceability of the security interest in any of the Senior Notes Collateral and shall have no obligation to take any action to procure or maintain such validity, perfection, priority or enforceability.

* * * *

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the day and year first above written.

HOLLINGER INC.

By Peter Y. Atkinson
Name: Peter Y. Atkinson
Title: Executive Vice-President

Attest: H. Mali
Name: Helgi Mali
Title: Student-at-Law

RAVELSTON MANAGEMENT INC.,
solely in its capacity as Guarantor

By Peter Y. Atkinson
Name: Peter Y. Atkinson
Title: Executive Vice-President

Attest: H. Mali
Name: Helgi Mali
Title: Student-at-Law

504468 N.B. INC., solely in its capacity as
Guarantor

By Peter Y. Atkinson
Name: Peter Y. Atkinson
Title: Vice-President and General Counsel

Attest: H. Mali
Name: Helgi Mali
Title: Student-at-Law

THE RAVELSTON CORPORATION
LIMITED

By Peter Y. Atkinson
Name: Peter Y. Atkinson
Title: Executive Vice-President

Attest: H. Mali
Name: Helgi Mali
Title: Student-at-Law

SUGRA LIMITED

By _____

Name: *Peter Y. Robinson*

Title: *President*

Attest: _____

Name: *Heidi Maki*

Title: *Student-at-Law*

WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION, not in its
individual capacity, but solely as Trustee
hereunder

By _____

Name:

Title:

SUGRA LIMITED

By _____
Name:
Title:

Attest: _____
Name:
Title:

WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION, not in its
individual capacity, but solely as Trustee
hereunder

By Amy L. Martin
Name: AMY L. MARTIN
Title: ASSISTANT VICE PRESIDENT

PERMITTED INDEBTEDNESS

<u>Debtor</u>	<u>Creditor</u>	<u>Amount</u>
Hollinger Inc.	Domgroup Ltd.	Cdn. \$9,927,102
Sugra Limited	The Ravelston Corporation Limited	Cdn. \$7,632,661
Sugra Limited	3016296 Nova Scotia Company	Cdn. \$1,090,000
Sugra Limited	Sugra (Bermuda) Limited	Cdn. \$776,012
Sugra Limited	Hollinger Canadian Publishing Holdings Co.	Cdn. \$17,371
Hollinger Inc.	Hollinger Canadian Publishing Holdings Co.	Cdn. \$5,717
Holcay Holdings Ltd.	Domgroup Ltd.	Cdn. \$2,288,052
JP Publishing International Inc.	Domgroup Ltd.	Cdn. \$20,521

FORM OF NOTE

[FORM OF FACE OF NOTE]

[Include the following legend for Global Notes only:

"THIS IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO ON THE REVERSE HEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE."]

[Include the following legend on all Notes that are Restricted Notes:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, THE SECURITIES ACT, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN ACCORDANCE WITH THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE UNDER WHICH THIS NOTE WAS ISSUED."]

HOLLINGER INC.

11.875% SENIOR SECURED NOTES due 2011

No. _____

\$ _____

[If the Note is a Global Note, include the following two lines:
as revised by the Schedule of Increases and
Decreases in Global Note attached hereto]

CUSIP No. 43556CAE1

[If the Note is a Regulation S Global Note, delete the reference to CUSIP No. and
replace it with: ISIN No. C43776AA8]

HOLLINGER INC., a corporation incorporated under the Canada Business Corporation Act (herein called "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or its registered assigns, the principal sum of _____ United States dollars on March 1, 2011, at the office or agency of the Company referred to below, and to pay interest thereon from March 10, 2003 or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for, semi-annually on March 1 and September 1 (each, an "Interest Payment Date") commencing September 1, 2003 at the rate of 11.875% per annum, in United States dollars, until the principal hereof is paid or duly provided for.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be February 15 or August 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so paid or duly provided for, and interest on such defaulted interest at the interest rate borne by the Notes, to the extent lawful, shall forthwith cease to be payable to the Holder in whose name such Note is registered as of such Regular Record Date, and may be paid on the Special Payment Date to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date to be fixed by the Trustee (and for which notice shall be given to Holders of Notes not less than 10 days prior to such Special Payment Date) or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of, premium, if any, and interest on this Note will be made at the office or agency of the Company maintained for that purpose in The City of New York, or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto

as such address shall appear on the Note Register. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Payments in respect of Notes represented by a Global Note (including principal and interest) will be made by the transfer of immediately available funds to the accounts specified by DTC.

Whenever interest to be paid hereunder is to be calculated on the basis of a year of three hundred and sixty (360) days, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by three hundred and sixty (360). The foregoing is disclosed herein solely for the purpose of providing the disclosure required under the *Interest Act* (Canada).

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture, this Note shall not be entitled to any benefit under the Indenture, the Guarantees or the Security Agreement, or be valid or obligatory for any purpose.

GUARANTEE OF RAVELSTON MANAGEMENT INC.

For value received, RAVELSTON MANAGEMENT INC., a corporation incorporated under the laws of the Province of Ontario, hereby absolutely, unconditionally and irrevocably guarantees to the holder of this Note and the Trustee, as if Ravelston Management Inc. were the principal debtor, the punctual payment, on demand, of principal of, premium, if any, and interest on this Note in the amounts and at the time when due and interest on the overdue principal and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Notes, to the holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note and Article Thirteen of the Indenture. This Guarantee will not become effective until the Trustee duly executes the certificate of authentication on this Note.

GUARANTEE OF 504468 N.B. INC.

For value received, 504468 N.B. INC., a corporation incorporated under the laws of the Province of New Brunswick, hereby absolutely, unconditionally and irrevocably guarantees to the holder of this Note and the Trustee, as if 504468 N.B. Inc. were the principal debtor, the punctual payment, on demand, of principal of, premium, if any, and interest on this Note in the amounts and at the time when due and interest on the overdue principal and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Notes, to the holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note and Article Thirteen of the Indenture. This Guarantee will not become effective until the Trustee duly executes the certificate of authentication on this Note.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

Dated:

HOLLINGER INC.

By _____
Authorized Signatory

RAVELSTON MANAGEMENT INC.,
as Guarantor

Attest: _____

By _____
Authorized Signatory

504468 N.B. INC., as Guarantor

Attest: _____

By _____
Authorized Signatory

TRUSTEE'S CERTIFICATE OF AUTHENTICATION.

This is one of the Notes referred to in the within-mentioned Indenture.

WACHOVIA TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Signatory

FORM OF TRANSFER CERTIFICATE FOR TRANSFER TO QIB

[Date]

Wachovia Trust Company, National Association
Corporate Trust Administration
920 King Street, Suite 102
Wilmington, DE 19801

Re: 11.875% Senior Secured Notes due 2011 (the "Notes") of
Hollinger Inc. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 10, 2003 (as amended and supplemented from time to time, the "Indenture"), among the Company, Ravelston Management Inc., 504468 N.B. Inc., The Ravelston Corporation Limited, Sugra Limited and Wachovia Trust Company, National Association, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to the transfer of \$_____ aggregate principal amount of Notes [in the case of a transfer of an interest in a Regulation S Global Note: which represents an interest in a Regulation S Global Note beneficially owned] by the undersigned (the "Transferor"), to effect the transfer of such Notes in exchange for an equivalent beneficial interest in the Rule 144A Global Note.

In connection with such request, and with respect to such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with Rule 144A under the Securities Act of 1933, as amended ("Rule 144A"), to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account or an account with respect to which the transferee exercises sole investment discretion, and the transferee, as well as any such account, is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with applicable securities laws of any state of the United States or any other jurisdiction.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH
TRANSFERS PURSUANT TO REGULATION S

[Date]

Wachovia Trust Company, National Association
Corporate Trust Administration
920 King Street, Suite 102
Wilmington, DE 19801

Re: 11.875% Senior Secured Notes due 2011 (the "Notes") of
Hollinger Inc. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 10, 2003 (as amended and supplemented from time to time, the "Indenture"), among the Company, Ravelston Management Inc., 504468 N.B. Inc., The Ravelston Corporation Limited, Sugra Limited and Wachovia Trust Company, National Association, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with the proposed sale of \$ _____ aggregate principal amount of the Notes [in the case of a transfer of an interest in a Rule 144A Global Note: which represents an interest in a Rule 144A Global Note beneficially owned] by the undersigned (the "Transferor"), we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended ("Regulation S"), and, accordingly, we represent that:

- (a) the offer of the Notes was not made to a person in the United States;
- (b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;
- (c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;
- (d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and
- (e) we are the beneficial owner of the principal amount of Notes being transferred.

In addition, if the sale is made during a Distribution Compliance Period and the provisions of Rule 904(b)(1) or Rule 904(b)(2) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 904(b)(1) or Rule 904(b)(2), as the case may be.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this letter have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

FORM OF RULE 144 CERTIFICATION

[Date]

Wachovia Trust Company, National Association
Corporate Trust Administration
920 King Street, Suite 102
Wilmington, DE 19801

Re: 11.875% Senior Secured Notes due 2011 (the "Notes") of
Hollinger Inc. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of March 10, 2003 (as amended and supplemented from time to time, the "Indenture"), among the Company, Ravelston Management Inc., 504468 N.B. Inc., The Ravelston Corporation Limited, Sugra Limited and Wachovia Trust Company, National Association, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

In connection with the proposed sale of \$_____ aggregate principal amount of the Notes [in the case of a transfer of an interest in a Rule 144A Global Note: which represents an interest in a Rule 144A Global Note beneficially owned] by the undersigned (the "Transferor"), we confirm that such sale has been effected pursuant to and in accordance with Rule 144 under the Securities Act.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

FORM OF INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT (this "*Agreement*") dated as of [], 200_, among WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION ("*Wachovia*"), as Trustee and Collateral Agent under the Senior Note Documents (as defined below) (in its capacities as Trustee and Collateral Agent for the benefit of the holders (the "*Senior Noteholders*") of the notes issued from time to time under the Senior Note Documents (the "*Senior Notes*") and together with any of its permitted successors and assigns, the "*Senior Note Agent*"), [and] [NAME EACH BANK SECURED PARTY] (collectively, and/or as represented by an agent under the Bank Documents (as defined below), together with any other secured parties specified from time to time in the Bank Documents (as defined below), and each of their respective successors and assigns, the "*Bank Secured Parties*").

PRELIMINARY STATEMENTS:

- (1) Wachovia has entered into an Indenture, dated as of March __, 2003 (as amended, amended and restated, or otherwise modified or supplemented from time to time, the "*Indenture*") among itself as Trustee and Collateral Agent for the benefit of the Senior Noteholders, Hollinger Inc., as issuer of the Senior Notes (the "*Company*"), each of Ravelston Management Inc. ("*RMI*") and 504468 N.B. Inc. ("*504468*"), as guarantors thereunder (RMI and 504468 being collectively, the "*Guarantors*" and, collectively with the Company, the "*Obligor Parties*"), Sugra Limited and The Ravelston Corporation Limited;
- (2) The Senior Notes and the guarantees of the obligations thereunder (the "*Guarantees*") by the Guarantors are secured by security interests held by the Senior Note Secured Parties (as defined below) in the Senior Notes Collateral (as defined below);
- (3) The Company and 504468 intend to incur or guarantee indebtedness in the form of secured loans from the Bank Secured Parties, pursuant to a credit agreement and certain other security documents and other agreements or documents related thereto (such credit agreement and all such security agreements or other agreements or documents, whether effective presently or in the future, and as amended, amended and restated, or otherwise modified or supplemented from time to time, being collectively, the "*Bank Documents*");
- (4) The Bank Indebtedness (as defined below) will be secured by security interests held by the Bank Secured Parties in the Bank Collateral (as defined below); and
- (5) The ability under the Indenture of the Obligor Parties to enter into the Bank Documents is conditioned upon the parties hereto entering into this Agreement to, *inter alia*, confirm their relative rights with respect to the Senior Note Documents, the Bank Documents, and the assets, properties and rights of the Obligor Parties constituting the Senior Notes Collateral and the Bank Collateral.

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Senior Note Agent, on behalf of itself and the other Senior Note Secured Parties, and each of the Bank Secured Parties hereby agree as follows:

SECTION 1. Definitions. As used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Bank Indebtedness" shall mean all obligations of the Obligor Parties (including, without limitation, interest accruing after the commencement of a bankruptcy proceeding by or against any of the Obligor Parties) to the Bank Secured Parties evidenced by or arising under any one or more of the Bank Documents, all whether fixed or contingent, matured or unmatured, liquidated or unliquidated, and whether arising under contract, in tort or otherwise.

"PPSA" shall mean the Personal Property Security Act (Ontario) (or any successor statute) or similar legislation of any other jurisdiction the laws of which are required by such legislation to be applied in connection with the issue, perfection, enforcement, validity or effect of security interests.

"Senior Note Documents" shall mean, collectively, the Indenture, the Senior Notes, the Guarantees, the Security Agreement and all agreements, instruments and documents relating thereto, whether effective presently or in the future, and as amended, amended and restated, or otherwise modified or supplemented from time to time.

"Senior Note Indebtedness" shall mean all obligations of the Obligor Parties (including, without limitation, interest accruing after the commencement of a bankruptcy proceeding by or against any of the Obligor Parties) to the Senior Note Secured Parties evidenced by or arising under any one or more of the Senior Note Documents, all whether fixed or contingent, matured or unmatured, liquidated or unliquidated, and whether arising under contract, in tort or otherwise.

"Senior Note Secured Parties" shall mean, collectively, the Senior Note Agent, the Senior Noteholders, any other secured parties specified from time to time in the Senior Note Documents, and each of their respective successors and assigns.

"UCC" shall mean the Uniform Commercial Code as in effect in the applicable jurisdiction from time to time.

All other capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

SECTION 2. No Third Party Beneficiaries. All undertakings, agreements, representations and warranties contained in this Agreement are solely for the benefit of the Senior Note Secured Parties and the Bank Secured Parties and there are no other parties (including, without limitation, the Obligor Parties or any of their Affiliates) who are intended to be benefited in any way by this Agreement. The existence of this Agreement shall not commit or

obligate the Senior Note Secured Parties or the Bank Secured Parties to make loans or extend credit to any of the Obligor Parties.

SECTION 3. Reservation of Security Interests as Against Other Parties.

Nothing contained in this Agreement is intended to affect or limit in any way the security interests and/or liens the Senior Note Secured Parties, on the one hand, and the Bank Secured Parties, on the other hand, have in or on any or all of the property and assets of the Obligor Parties, whether tangible or intangible, insofar as the Obligor Parties and other parties are concerned. The parties hereto specifically reserve all respective security interests and/or liens and rights to assert such security interests and/or liens as against the Obligor Parties and other parties.

SECTION 4. Priority of Security Interests. Irrespective of (a) the time, order, manner or method of creation, attachment or perfection of the respective security interests and/or liens granted to the Senior Note Secured Parties or the Bank Secured Parties in or on any or all of the properties or assets of the Obligor Parties, (b) the time or manner of the filing of their respective financing statements, (c) whether the Senior Note Secured Parties or the Bank Secured Parties or any bailee or agent thereof holds possession of any or all of the property or assets of the Obligor Parties, (d) the dating, execution or delivery of any agreement, document or instrument granting Senior Note Secured Parties or the Bank Secured Parties security interests and/or liens in or on any or all of the properties or assets of the Obligor Parties, (e) the giving or failure to give notice of the acquisition or expected acquisition of any purchase money or other security interests and (f) any provision of the PPSA, UCC or any other applicable law to the contrary:

(i) any and all security interests, liens, rights and interests of the Bank Secured Parties, whether now or hereafter arising or existing, in or on any or all of the assets of the Obligor Parties shall be limited to the Bank Collateral and shall not otherwise in any manner or for any purpose apply to any or all security interests, liens, rights and interests of the Senior Note Secured Parties in and to the Senior Notes Collateral; and

(ii) any and all security interests, liens, rights and interests of the Senior Note Secured Parties, whether now or hereafter arising or existing, in or on any or all of the assets of the Obligor Parties shall be limited to the Senior Notes Collateral and shall not otherwise in any manner or for any purpose apply to any or all security interests, liens, rights and interests of the Bank Secured Parties in and to the Bank Collateral.

For purposes of the foregoing allocation of priorities, any claim of a right of set-off shall be treated in all respects as a security interest and no claimed right of set-off shall be asserted to defeat or diminish the rights or priorities provided for herein.

SECTION 5. Standstill. (a) Upon an event of default under any one or more of the Bank Documents, each Bank Secured Party agrees that before it accelerates or demands payment of any of the Bank Indebtedness or commences proceedings to enforce its rights in any of the Bank Collateral (any such action being a "*Bank Enforcement Action*"), it will provide written notice (a "*Bank Enforcement Notice*") of such default to the Senior Note Secured

Parties and will thereafter refrain from taking any such Bank Enforcement Action for the shorter of (i) the period commencing on the date of the giving of the Bank Enforcement Notice and expiring 30 days thereafter and (ii) the period commencing on the date of the giving of the Bank Enforcement Notice and expiring on the date on which (A) any Senior Note Secured Party accelerates or demands payment of any of the Senior Note Indebtedness or commences proceedings to enforce its rights in any of the Senior Notes Collateral or (B) any proceedings by or against the Company or 504468 are commenced under Bankruptcy Law (such period being the "*Bank Standstill Period*").

(b) The Bank Secured Parties shall have no right to take any action with respect to the Senior Notes Collateral, whether by judicial or non-judicial foreclosure, notification to any account debtor of an Obligor Party, the seeking of the appointment of a receiver or any similar trustee or agent for any portion of the property or assets of any Obligor Party or otherwise (other than the Bank Collateral), or to take possession of any of the Senior Notes Collateral.

(c) The Senior Note Secured Parties shall have no right to take any action with respect to the Bank Collateral, whether by judicial or non-judicial foreclosure, notification to any account debtor of an Obligor Party, the seeking of the appointment of a receiver or any similar trustee or agent for any portion of the property or assets of any Obligor Party or otherwise (other than the Senior Notes Collateral), or to take possession of any of the Bank Collateral.

SECTION 6. Option to Purchase Bank Indebtedness. After receiving a Bank Enforcement Notice and during the Bank Standstill Period, the Senior Note Secured Parties shall have the option (but not the obligation) to purchase the Bank Indebtedness (and all liens and security interests securing the payment thereof) by paying the Bank Secured Parties an amount equal to the then outstanding Bank Indebtedness proposed to be purchased or such amount as the Senior Note Secured Parties and the Bank Secured Parties may otherwise agree. Upon the exercise of such option by the Senior Note Secured Parties, the Bank Secured Parties shall assign all of their right, title and interest in and to the amount of Bank Indebtedness so purchased, the Bank Documents and any related documents to the Senior Note Secured Parties without recourse or warranty, whereupon the Bank Secured Parties shall be relieved of any further obligation with respect to the Bank Documents and whereupon the terms and provisions of this Agreement shall cease to be of force and effect as to that amount of Bank Indebtedness so purchased.

SECTION 7. Rights of Senior Note Secured Parties. Upon the occurrence of any event of default under the Senior Note Documents, the Senior Note Secured Parties shall have the right at any time, upon the giving of notice to the Bank Secured Parties to accelerate any or all of the Senior Note Indebtedness, to undertake foreclosure proceedings with respect to the Senior Notes Collateral, whether by judicial or non-judicial foreclosure, notification to any account debtor of a Obligor Party, the seeking of the appointment of a receiver for any portion of the property or assets of any Obligor Party or otherwise, to take possession of any of the Senior Notes Collateral, to commence insolvency proceedings against any Obligor Party, and to pursue any other remedies available to such Senior Note Secured Parties pursuant to the Senior Note Documents or applicable law.

SECTION 8. [Reserved]

SECTION 9. Release of Collateral. (a) Each Bank Secured Party agrees that it shall not have any Lien whatsoever in any or all of the Senior Notes Collateral.

(b) Each Senior Note Secured Party agrees that it shall not have any Lien whatsoever in any or all of the Bank Collateral.

(c) Each of the Bank Secured Parties agrees that any collection, sale or other disposition of any or all of the Senior Notes Collateral by any Senior Note Secured Party (whether pursuant to the UCC, PPSA or otherwise) shall be free and clear of any and all Liens whatsoever of the Bank Secured Parties in such Senior Notes Collateral. At the request of any Senior Note Secured Party, the Bank Secured Parties shall promptly provide the Senior Note Secured Parties with any necessary or appropriate releases to permit the collection, sale or other disposition of any or all of the Senior Notes Collateral by the Senior Note Secured Parties free and clear of any Liens whatsoever of the Bank Secured Parties.

(d) Each of the Senior Note Secured Parties agrees that any collection, sale or other disposition of any or all of the Bank Collateral by any Bank Secured Party (whether pursuant to the UCC, PPSA or otherwise) shall be free and clear of any and all Liens whatsoever of the Senior Note Secured Parties in such Bank Collateral. At the request of any Bank Secured Party, the Senior Note Secured Parties shall promptly provide the Bank Secured Parties with any necessary or appropriate releases to permit the collection, sale or other disposition of any or all of the Bank Collateral by the Bank Secured Parties free and clear of any Liens whatsoever of the Senior Note Secured Parties.

SECTION 10. Turnover of Collateral. In connection with the exercise of the remedies by any of the undersigned:

(a) In the event any payment or distribution to the Bank Secured Parties is made from any of the Senior Notes Collateral upon or with respect to any of the Bank Indebtedness prior to the time all of the Senior Note Indebtedness shall have been fully and finally paid, defeased or discharged in cash and all other obligations of the Obligor Parties pursuant to the Senior Note Documents shall have been fully discharged, the Bank Secured Parties shall receive and hold the same in trust, as trustee, for the benefit of the Senior Note Secured Parties and shall forthwith deliver the same to the Senior Note Secured Parties in precisely the form received (except for the endorsement or assignment of the Bank Secured Parties where necessary) for application against the Senior Note Indebtedness, whether due or not due, and, until so delivered, the same shall be held in trust by the Bank Secured Parties as the property of the Senior Note Secured Parties;

(b) If any payment or distribution otherwise payable or distributable to the Senior Note Secured Parties has been applied, pursuant to Section 10(a) above to the payment of the Bank Indebtedness, then and in such case, the Senior Note Secured Parties shall be subrogated to the rights of the Bank Secured Parties to receive payments and distributions made on the Bank Indebtedness to the extent of the amount of the distribution or payment so made. No payments or distributions to the Senior Note Secured Parties, by reason of subrogation, of any payment or distribution which otherwise would be payable or distributable to the Bank Secured Parties, shall, as between the Obligor Parties and its

creditors (other than the Bank Secured Parties), on the one hand, and the Senior Note Secured Parties, on the other hand, be deemed to be a payment by the Obligor Parties on account of the Bank Indebtedness;

(c) In the event any payment or distribution to any Senior Note Secured Party is made from any of the Bank Collateral upon or with respect to any of the Senior Note Indebtedness prior to the time all of the Bank Indebtedness shall have been fully and finally paid, defeased or discharged in cash and all financing arrangements and commitments between the Obligor Parties and the Bank Secured Parties pursuant to the Bank Documents shall have been terminated, such Senior Note Secured Party shall receive and hold the same in trust, as trustee, for the benefit of the Bank Secured Parties and shall forthwith deliver the same to the Bank Secured Parties in precisely the form received (except for the endorsement or assignment of such Senior Note Secured Party where necessary) for application against the Bank Indebtedness, whether due or not due, and, until so delivered, the same shall be held in trust by such Senior Note Secured Party as the property of the Bank Secured Parties; and

(d) If any payment or distribution otherwise payable or distributable to the Bank Secured Parties has been applied, pursuant to Section 10(c) above to the payment of the Senior Note Indebtedness, then and in such case, the Bank Secured Parties shall be subrogated to the rights of the Senior Note Secured Parties to receive payments and distributions made on the Senior Note Indebtedness to the extent of the amount of the distribution or payment so made. No payments or distributions to the Bank Secured Parties, by reason of subrogation, of any payment or distribution which otherwise would be payable or distributable to the Senior Note Secured Parties, shall, as between the Obligor Parties and its creditors (other than the Senior Note Secured Parties), on the one hand, and the Bank Secured Parties, on the other hand, be deemed to be a payment by the Obligor Parties on account of the Senior Note Indebtedness.

SECTION 11. Agreement not to Contest. (a) Each Bank Secured Party agrees that it shall not directly or indirectly take any action to contest or challenge the privity, validity, legality, enforceability, perfection, priority or avoidability of any of the Senior Note Indebtedness, any of the Senior Note Documents or any of the security interests and/or liens of the Senior Note Secured Parties in or on any of the Senior Notes Collateral or the reasonableness of any action or failure to act in respect of the Senior Notes Collateral, including, without limitation, the timing, method or manner of (i) any consent to disposition by the Obligor Parties of any Senior Notes Collateral or (ii) disposing of or liquidating any Senior Notes Collateral, the terms, including the price and percentage of consideration received in cash, of any such disposition or liquidation, or any failure to dispose of or liquidate any Senior Notes Collateral, including acceptance of Senior Notes Collateral by the Senior Note Secured Parties in full or partial satisfaction of any Senior Note Indebtedness.

(b) The Senior Note Secured Parties agree that they shall not directly or indirectly take any action to contest or challenge the privity, validity, legality, enforceability, perfection, priority or avoidability of any of the Bank Indebtedness, any of the Bank Documents or any of the security interests and/or liens of the Bank Secured Parties in or on any of the Bank Collateral or the reasonableness of any action or failure to act in respect of the Bank Collateral, including, without limitation, the timing, method or manner of (i) any consent to disposition by the Obligor

Parties of any Bank Collateral or (ii) disposing of or liquidating any Bank Collateral, the terms, including the price and percentage of consideration received in cash, of any such disposition or liquidation, or any failure to dispose of or liquidate any Bank Collateral, including acceptance of Bank Collateral by the Bank Secured Parties in full or partial satisfaction of any Bank Indebtedness.

SECTION 12. Agreements. (a) Each Bank Secured Party covenants and agrees with the Senior Note Secured Parties that such Bank Secured Party will not assert or claim the benefit of any marshalling, valuation, appraisal or similar rights that may be available to such party in connection with any enforcement action taken by any Senior Note Secured Party, or oppose, interfere with or otherwise attempt to prevent the Senior Note Secured Parties from enforcing their Liens on any of the Senior Notes Collateral or otherwise realizing upon any of the Senior Notes Collateral.

(b) Each of the Senior Note Secured Parties covenants and agrees with each Bank Secured Party that the Senior Note Secured Parties will not assert or claim the benefit of any marshalling, valuation, appraisal or similar rights that may be available to such party in connection with any enforcement action taken by any Bank Secured Party (provided that such enforcement action is permitted under this Agreement), or oppose, interfere with or otherwise attempt to prevent such Bank Secured Party from enforcing its Liens on any of the Bank Collateral or otherwise realizing upon any of the Bank Collateral.

(c) The parties hereto agree that neither this Agreement, the Senior Note Documents nor the Bank Documents create an agency relationship between the Senior Note Secured Parties and the Bank Secured Parties.

SECTION 13. Insurance Proceeds. (a) In the event of the occurrence of any casualty with respect to any of the Bank Collateral, the Senior Note Secured Parties agree that the Bank Secured Parties shall have the sole and exclusive right to adjust, compromise or settle any such loss with the insurer thereof, and to collect and receive the proceeds from such insurer.

(b) In the event of the occurrence of any casualty with respect to any of the Senior Notes Collateral, the Bank Secured Parties agree that the Senior Note Secured Parties shall have the sole and exclusive right to adjust, compromise or settle any such loss with the insurer thereof, and to collect and receive the proceeds from such insurer.

(c) Any insurer shall be fully protected if it acts in reliance on the provisions of this Section 13.

SECTION 14. Waiver of Certain Rights. (a) Each Bank Secured Party hereby waives any and all rights to (i) require the Senior Note Secured Parties to marshal any property or assets of any Obligor Party comprising the Senior Notes Collateral or to resort to any of the property or assets of any Obligor Party comprising the Senior Notes Collateral in any particular order or manner, or (ii) require any Senior Note Secured Party to enforce any guaranty or any security interest or lien given by any person or entity other than any of the Obligor Parties to secure the payment of any or all of the Senior Note Indebtedness as a condition precedent or concurrent to taking any action against or with respect to the Senior Notes Collateral; and

(b) The Senior Note Secured Parties hereby waive any and all rights to (i) require the Bank Secured Parties to marshal any property or assets of any Obligor Party comprising the Bank Collateral or to resort to any of the property or assets of any Obligor Party comprising the Bank Collateral in any particular order or manner, or (ii) require the Bank Secured Parties to enforce any guaranty or any security interest or lien given by any person or entity other than any of the Obligor Parties to secure the payment of any or all of the Bank Indebtedness as a condition precedent or concurrent to taking any action against or with respect to the Bank Collateral.

SECTION 15. Bankruptcy Financing Issues. (a) This Agreement shall continue in full force and effect after the filing of any petition or like actions or proceedings for relief by or against any Obligor Party under any Bankruptcy Law and all converted or succeeding cases in respect thereof (all references herein to any Obligor Party being deemed to apply to such Person as a debtor-in-possession and to a trustee for such Person) with respect to all Senior Notes Collateral and Bank Collateral acquired by any Obligor Party, and to all Senior Note Indebtedness and Bank Indebtedness incurred by any Obligor Party, subsequent to such filing.

(b) If any Obligor Party shall become subject to a proceeding under Bankruptcy Law, and if the Senior Note Secured Parties shall desire to permit the use of cash collateral by any Obligor Party or to provide post-petition financing from the Senior Note Secured Parties to any Obligor Party, the Bank Secured Parties agree as follows: (a) adequate notice to the Bank Secured Parties shall be deemed to have been provided for such use of cash collateral or such post-petition financing if the Bank Secured Parties receive notice thereof to the extent required by the applicable Bankruptcy Law; and (b) no objection will be raised by the Bank Secured Parties to any such use of cash collateral or such post-petition financing from the Senior Note Secured Parties so long as the Lien of the Bank Secured Parties in the Bank Collateral is not adversely affected thereby.

(c) If any Obligor Party shall become subject to a proceeding under Bankruptcy Law, and if the Bank Secured Parties shall desire to permit the use of cash collateral by any Obligor Party or to provide post-petition financing from the Bank Secured Parties to any Obligor Party, the Senior Note Secured Parties agree as follows: (a) adequate notice to the Senior Note Secured Parties shall be deemed to have been provided for such use of cash collateral or such post-petition financing if the Senior Note Secured Parties receive notice thereof to the extent required by the applicable Bankruptcy Law; and (b) no objection will be raised by the Senior Note Secured Parties to any such use of cash collateral or such post-petition financing from the Bank Secured Parties so long as the Lien of the Senior Note Secured Parties in the Senior Notes Collateral is not adversely affected thereby.

(d) No objection will be raised by (i) the Bank Secured Parties to any Senior Note Secured Party's motion for relief from automatic stay in any such proceeding to foreclose on, sell or otherwise realize upon the Senior Notes Collateral and (ii) any Senior Note Secured Party to the Bank Secured Parties' motion for relief from automatic stay in any such proceeding to foreclose on, sell or otherwise realize upon the Bank Collateral.

SECTION 16. Assignment of Indebtedness. Each of the Bank Secured Parties and each of the Senior Note Secured Parties represents and warrants that, as of the date hereof, (a) it has not previously assigned any interest in any of the Bank Indebtedness or the Senior Note

Indebtedness, as the case may be, (b) no other party owns an interest in any of the Bank Indebtedness or the Senior Note Indebtedness, as the case may be, other than the Bank Secured Parties or the Senior Note Secured Parties (whether as joint holders of any such Indebtedness, as participants or otherwise) and (c) the entire Bank Indebtedness or the Senior Note Indebtedness, as the case may be, is owed only to the Bank Secured Parties and the Senior Note Secured Parties, respectively. Each of the Bank Secured Parties and each of the Senior Note Secured Parties covenants and agrees that the assignment of any such Indebtedness shall be expressly subject to the terms, provisions and conditions of this Agreement and that any purported assignment of any such Indebtedness shall be deemed to be null and void unless the assignee thereof shall agree to be bound by the terms, provisions and conditions of this Agreement.

SECTION 17. Term. This Agreement shall remain in full force and effect until all of the Senior Note Indebtedness or all of the Bank Indebtedness, as the case may be, shall have been fully and finally paid, defeased or discharged in cash and all other obligations of the Obligor Parties under the Senior Note Documents shall have been fully discharged and all financing arrangements and commitments between the Obligor Parties and the Bank Secured Parties, pursuant to the Bank Documents, shall have been terminated. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Note Indebtedness or Bank Indebtedness is rescinded or must otherwise be returned by Senior Note Secured Parties or the Bank Secured Parties upon the insolvency, bankruptcy or reorganization of any Obligor Party or otherwise, all as though such payment had not been made. This is a mutual and continuing agreement of subordination and the Senior Note Secured Parties and the Bank Secured Parties may continue to extend credit or other financial accommodations and loan monies to or for the benefit of any Obligor Party, on the faith hereof, under the Senior Note Documents or the Bank Documents or otherwise without notice to the other party hereto.

SECTION 18. Amendment and Release. (i) Any Senior Note Secured Party may at any time and from time to time (a) enter into such agreements with the Obligor Parties as such Senior Note Secured Party may deem proper to the extent not inconsistent or in conflict with, in violation of or in default under this Agreement and (b) exchange, sell, release, surrender or otherwise deal with any or all of the Senior Notes Collateral as provided in the Senior Note Documents, all without in any way compromising or affecting this Agreement.

(ii) Any Bank Secured Party may at any time and from time to time (a) enter into such agreements with any Obligor Party as each Bank Secured Party may deem proper to the extent not inconsistent or in conflict with, in violation of or in default under this Agreement and (b) exchange, sell, release, surrender or otherwise deal with any or all of the Bank Collateral as provided in the Bank Documents, all without in any way compromising or affecting this Agreement.

SECTION 19. Reliance, Waiver of Notices; No Representations and Management of Credit Facilities. All of the Senior Note Indebtedness and Bank Indebtedness shall be deemed to have been made or incurred in reliance upon this Agreement. Each of the Bank Secured Parties and the Senior Note Secured Parties expressly waive all notices not specifically required pursuant to the terms of this Agreement. Each of the Bank Secured Parties and the Senior Note Secured Parties agree that no party has made any representation or warranty with respect to the due execution, legality, validity, completeness or enforceability of any of the respective

documents to which they are a party, the perfection or priority of any Lien securing any or all of the Senior Note Indebtedness or the Bank Indebtedness or the collectibility of any of such Senior Note Indebtedness or Bank Indebtedness. No party shall have any liability to the other for any loss, claim or damage allegedly suffered by such other party in any proceeding to foreclose or otherwise enforce any of its Liens on any of the assets or properties of the Obligor Parties comprising the Senior Notes Collateral or the Bank Collateral, as the case may be.

SECTION 20. Financial Condition of the Obligor Parties. Each of The Bank Secured Parties and the Senior Note Secured Parties hereby assumes responsibility for keeping itself informed of the financial condition of the Obligor Parties and of all other circumstances bearing upon the risk of nonpayment of the Bank Indebtedness or the Senior Note Indebtedness, as applicable, that diligent inquiry would reveal and each such party also hereby agrees that no other party shall have any duty to advise any other of any information regarding such condition or any such circumstances.

SECTION 21. Notices. Any notice, request, demand, consent or other communication hereunder shall be in writing and delivered in person or sent by telecopy or email (in each case confirmed by overnight courier service or by registered or certified mail, return receipt requested and postage prepaid, to the applicable party at its address or telecopy number set forth, as to the Senior Note Secured Parties, to Wachovia Trust Company, National Association, 920 King Street, Suite 102, Wilmington, DE 19801, telecopier (302) 888-1137, Attention: Corporate Trust Division and as to [list contact information for each Bank Secured Party], or at such other address, telecopy number or email address as any party hereto may designate as its address for communications hereunder by notice so given. Such notices shall be deemed effective on the day on which delivered or sent if delivered in person or sent by telecopy or by email, or on the third Business Day after the day on which mailed, if sent by registered or certified mail.

SECTION 22. UCC, PPSA or Bankruptcy Law Notices. If the Senior Note Secured Parties or the Bank Secured Parties shall be required by the UCC, PPSA or Bankruptcy Law or any other applicable law to give notice of any action taken or to be taken with respect to any or all of the Senior Notes Collateral or the Bank Collateral, as the case may be, such notice shall be given in accordance with Section 21 above and five (5) days' notice shall be conclusively deemed to be commercially reasonable.

SECTION 23. Further Assurances. Each Bank Secured Party and each Senior Note Secured Party hereby covenants and agrees to take any and all additional actions and execute, deliver, file and/or record any and all additional agreements, documents and instruments as may be necessary or as such party may from time to time reasonably request to effect the subordination and other provisions of this Agreement.

SECTION 24. Modifications in Writing. No amendment, modification, supplement, termination, consent or waiver of or to any provision of this Agreement nor any consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by or on behalf of each of the Bank Secured Parties and, in the case of the Senior Note Secured Parties, the Collateral Agent. Any waiver of any provision of this

Agreement, and any consent to any departure from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 25. Waivers; Failure Or Delay. No failure or delay on the part of any Bank Secured Party or any Senior Note Secured Party in the exercise of any power, right, remedy or privilege under this Agreement shall impair such power, right, remedy or privilege or shall operate as a waiver thereof; nor shall any single or partial exercise of any such power, right, remedy or privilege preclude any other or further exercise of any other power, right, remedy or privilege. The waiver of any such right, power, remedy or privilege with respect to particular facts and circumstances shall not be deemed to be a waiver with respect to other facts and circumstances.

SECTION 26. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be effective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

SECTION 27. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Bank Secured Parties and the Senior Note Secured Parties and their respective successors and assigns.

SECTION 28. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial.
(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York. EACH OF THE BANK SECURED PARTIES AND THE SENIOR NOTE SECURED PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH THE BANK SECURED PARTIES AND THE SENIOR NOTE SECURED PARTIES ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

(b) Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of New York or the federal courts of the United States located in The City of New York, and each of the Bank Secured Parties and the Senior Note Secured Parties consents to the jurisdiction of such courts. Each of the Bank Secured Parties and the Senior Note Secured Parties irrevocably waives any objection, including any objection to the laying of venue or based on *forum non conveniens*, which it may have to the bringing of any action or proceeding in such jurisdiction with respect to this Agreement. Notwithstanding the foregoing, (i)(A) the Senior Note Secured Parties shall have the right to bring any action or proceeding against the Bank Secured Parties and their property in the courts of any other jurisdiction the Senior Note Secured Parties deem necessary or appropriate in order to enforce the obligations of the Bank Secured Parties under this Agreement and (B) each of the Bank Secured Parties acknowledges that any appeals from the courts described in Section 28(b)(i)(A) may have to be heard by a court located outside those jurisdictions, and (ii)(A) the Bank Secured Parties shall have the right to bring any action or proceeding against the Senior Note Secured Parties and their property in the courts of any other jurisdiction the Bank Secured Parties deem necessary or appropriate in order to enforce the obligations of the Senior Note Secured Parties under this Agreement and (B) each of the Senior Note Secured Parties acknowledges that any

appeals from the courts described in Section 28(b)(ii)(A) may have to be heard by a court located outside those jurisdictions.

(c) To the extent allowed by any applicable requirement of law, each of the Bank Secured Parties and the Senior Note Secured Parties waives personal service of any and all process upon it and agrees that all such service of process may be made by registered mail (return receipt requested) directed to such party at its address set forth in this Agreement and service so made shall be deemed to be completed five days after the same shall have been so posted in the United States or Canada, as applicable, postage prepaid. Nothing contained in this Section 28(c) shall affect the right of the Bank Secured Parties or the Senior Note Secured Parties to serve legal process by any other manner permitted by law.

SECTION 29. Judgment Currency. (a) If for the purpose of obtaining or enforcing any judgment in any court or for the purpose of determining, pursuant to the obligations of the Bank Secured Parties, the amounts owing hereunder, it is necessary to convert an amount due hereunder in U.S. dollars into a currency other than U.S. dollars (the "**Judgment Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Senior Note Secured Parties could purchase, in the New York foreign exchange market, U.S. dollars with the Judgment Currency on the date that is two business days preceding that on which judgment is given or any other payment is due hereunder. Each of the Bank Secured Parties agrees that its respective obligation in respect of any U.S. dollars due from it to the Senior Note Secured Parties hereunder shall, notwithstanding any judgment or payment in the Judgment Currency, be discharged only to the extent that, on the business day following the date the Senior Note Secured Parties receives payment of any sum so adjudged or owing to be due hereunder in the Judgment Currency, the Senior Note Secured Parties may, in accordance with normal banking procedures, purchase, in the New York foreign exchange market U.S. dollars with the amount of the Judgment Currency so paid; and if the amount of U.S. dollars so purchased or that could have been so purchased is less than the amount originally due in U.S. dollars, each of the Bank Secured Parties agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Senior Note Secured Parties against such loss. The term "**rate of exchange**" in this Section 29(a) means the spot rate at which the Senior Note Secured Parties, in accordance with normal practices is able on the relevant date to purchase U.S. dollars with the Judgment Currency and includes any premium and costs of exchange payable in connection with such purchase.

(b) If for the purpose of obtaining or enforcing any judgment in any court or for the purpose of determining, pursuant to the obligations of the Senior Note Secured Parties, the amounts owing hereunder, it is necessary to convert an amount due hereunder in U.S. dollars into Judgment Currency, the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Bank Secured Parties could purchase, in the New York foreign exchange market, U.S. dollars with the Judgment Currency on the date that is two business days preceding that on which judgment is given or any other payment is due hereunder. Each of the Senior Note Secured Parties agrees that its respective obligation in respect of any U.S. dollars due from it to the Bank Secured Parties hereunder shall, notwithstanding any judgment or payment in the Judgment Currency, be discharged only to the extent that, on the business day following the date the Bank Secured Parties receives payment of any sum so adjudged or owing to be due hereunder in the Judgment Currency, the Bank Secured Parties may, in accordance

with normal banking procedures, purchase, in the New York foreign exchange market U.S. dollars with the amount of the Judgment Currency so paid; and if the amount of U.S. dollars so purchased or that could have been so purchased is less than the amount originally due in U.S. dollars, each of the Senior Note Secured Parties agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Bank Secured Parties against such loss. The term "*rate of exchange*" in this Section 29(b) means the spot rate at which the Bank Secured Parties, in accordance with normal practices is able on the relevant date to purchase U.S. dollars with the Judgment Currency and includes any premium and costs of exchange payable in connection with such purchase

SECTION 30. Equitable Remedies. Each party to this Agreement acknowledges that the breach by it of any of the provisions of this Agreement is likely to cause irreparable damage to the other party. Therefore, the relief to which any party shall be entitled in the event of any such breach or threatened breach shall include, but not be limited to, a mandatory injunction for specific performance, injunctive or other judicial relief to prevent a violation of any of the provisions of this Agreement, damages and any other relief to which it may be entitled at law or in equity.

SECTION 31. Attorneys' Fees and Expenses. In the event of any dispute concerning the meaning or interpretation of this Agreement which results in litigation, or in the event of any litigation by a party hereto to enforce the provisions hereof, the prevailing party shall be entitled to recover from the non-prevailing party, in addition to its other damages, its reasonable attorneys' fees and expenses and any actual court costs incurred.

SECTION 32. Headings. Section headings used in this Agreement are for convenience of reference only and shall not constitute a part of this Agreement for any purpose or affect the construction of this Agreement.

SECTION 33. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. This Agreement shall become effective upon the execution and delivery of a counterpart hereof by each of the Parties hereto. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Intercreditor Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

WACHOVIA TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee, and as Collateral
Agent

By: _____
Name:
Title:

[EACH BANK SECURED PARTY]

By: _____
Name:
Title:

Acknowledged and Agreed:

HOLLINGER INC.

By: _____
Name:
Title:

RAVELSTON MANAGEMENT INC.

By: _____
Name:
Title:

504468 N.B. INC.

By: _____
Name:
Title:

INTERNATIONAL SUBORDINATION AGREEMENT

See Index for International Subordination Agreement.

RMI SUBORDINATION AGREEMENT

EXHIBIT G

See Index for RMI Subordination Agreement

EXHIBIT H

SECURITY AGREEMENT

Indemnure

See Index for Security Agreement

EXECUTION VERSION

HOLLINGER INC.

11.875% Senior Secured Notes due 2011

Unconditionally Guaranteed by

RAVELSTON MANAGEMENT INC. and

504468 N.B. INC.

FIRST SUPPLEMENTAL INDENTURE

Dated as of September 30, 2004

WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION,

Trustee

THE RAVELSTON CORPORATION LIMITED

SUGRA LIMITED

Supplement to Indenture dated as of March 10, 2003

FIRST SUPPLEMENTAL INDENTURE, dated as of September 30, 2004 (this "First Supplemental Indenture"), among HOLLINGER INC., a corporation incorporated under the Canada Business Corporation Act (the "Company"), RAVELSTON MANAGEMENT INC., a corporation incorporated under the laws of the Province of Ontario, as guarantor ("RMI"), 504468 N.B. INC., an indirect wholly owned subsidiary of the Company organized under the laws of the Province of New Brunswick, as guarantor ("NBI" and, together with RMI, the "Note Guarantors"), THE RAVELSTON CORPORATION LIMITED, a corporation incorporated under the laws of the Province of Ontario ("RCL"), SUGRA LIMITED, a wholly owned subsidiary of the Company organized under the laws of the Province of Ontario ("Sugra"), and WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Trustee"), to the Indenture, dated as of March 10, 2003, between the Company, the Note Guarantors, RCL, Sugra and the Trustee (the "Indenture").

RECITALS

WHEREAS, the Company, the Note Guarantors, RCL, Sugra and the Trustee have heretofore executed and delivered the Indenture, pursuant to which the Company has issued its 11.875% Senior Secured Notes due 2011 (the "Notes");

WHEREAS, the Company desires to amend certain provisions of the Indenture as hereinafter set forth;

WHEREAS, Section 9.02 of the Indenture provides that the Company, each Note Guarantor and the Trustee may enter into a supplemental indenture with the written consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes affected by such supplemental indenture (the "Requisite Consents");

WHEREAS, the Requisite Consents have been delivered to the Company and the Trustee, and the Company has filed evidence of such Requisite Consents with the Trustee;

WHEREAS, the Company has duly authorized the execution and delivery of this First Supplemental Indenture;

WHEREAS, each of the Note Guarantors has duly authorized the execution and delivery of this First Supplemental Indenture;

WHEREAS, each of RCL and Sugra has duly authorized the execution and delivery of this First Supplemental Indenture; and

WHEREAS, all acts and things necessary have been done to make this First Supplemental Indenture a valid agreement of the Company, the Note Guarantors, RCL and Sugra, in accordance with its terms and the terms of the Indenture.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Definitions

For all purposes of this First Supplemental Indenture, except as otherwise stated herein, capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Indenture. Each reference to "herein", "hereof" and other words of similar import contained in the Indenture shall, after this First Supplemental Indenture becomes effective, refer to the Indenture as supplemented hereby.

ARTICLE II

Amendments

Section 2.01. Amendment of Section 1.01 of the Indenture. (a) The definition of "Exchange Notes" in Section 1.01 of the Indenture is hereby amended and restated in its entirety as follows:

"Exchange Notes" means debt securities of the Company, substantially identical in all material respects to the Notes (except that the additional interest provisions and the transfer restrictions pertaining to the Notes will be modified or eliminated, as appropriate), to be issued pursuant to this Indenture, provided that if at any time the definition of "Exchange Notes" in Section 1 of the Registration Rights Agreement is amended or modified to permit the Exchange Notes to be issued pursuant to the New Notes Indenture, then this definition shall be deemed amended and modified to conform exactly to the definition of "Exchange Notes" in the Registration Rights Agreement."

(b) The following clause is hereby added to the definition of "Permitted Indebtedness" in Section 1.01 of the Indenture:

"(xiv) Indebtedness of the Company and the Note Guarantors in an aggregate amount at any time outstanding not to exceed \$15 million through the issuance of new secured notes (the "New Notes") substantially similar to the Notes pursuant to the New Notes Indenture, which indenture shall be substantially similar to this Indenture."

(c) The following clause is hereby added to the definition of "Permitted Liens" in Section 1.01 of the Indenture:

“(xiv) Liens in favor of the holders of the New Notes (or in favor of the trustee or the collateral agent with respect to the New Notes for the benefit of the holders of the New Notes) granting such holders a security interest in the Senior Notes Collateral; *provided, however,* that the trustee and any collateral agent with respect to the New Notes shall have, concurrently with the execution and delivery of such New Notes Indenture, executed and delivered a New Notes Intercreditor Agreement; and *provided, further,* that unless and until the Company has obtained the requisite consents of Holders under Section 14.04(a)(vi) of this Indenture, any such security interest in the Senior Notes Collateral shall be second in priority to the Lien in favor of the Holders.”

(d) The definition of “Security Agreement” in Section 1.01 of the Indenture is hereby amended and restated in its entirety as follows:

“Security Agreement” means the Security Agreement dated the date hereof (attached as Exhibit G to this Indenture), as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof, between the Company, RMI, NBI and the Trustee and the Collateral Agent governing (i) the first priority security interest granted by RMI over the Services Agreements in favor of the Collateral Agent, (ii) the first priority pledge granted by the Company and NBI over the Pledged Share Collateral in favor of the Collateral Agent and (iii) the first priority security interest granted by the Company in the Support Agreement in favor of the Collateral Agent.

(e) Section 1.01 of the Indenture is hereby amended to include the following new definitions:

“New Notes Indenture” means the indenture (including all exhibits and schedules hereto), as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof, in respect of the issuance of the New Notes.”

“New Notes Intercreditor Agreement” means an intercreditor agreement among the Company, the Trustee, the Collateral Agent, the trustee and any collateral agent with respect to the New Notes, substantially in the form attached as Exhibit I to this Indenture; *provided, however* that any variations from Exhibit I, taken as a whole, shall not be materially less favorable to the Trustee, the Collateral Agent and the Holders than the terms and conditions reflected in Exhibit I.”

“New Notes Security Agreement” means the security agreement, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof, between the Company, RMI, NBI and HSBC Bank USA, National Association (“HSBC”), as trustee and collateral agent, governing (i) the second priority security interest granted by RMI over the Services Agreements in favor of HSBC, (ii) the second priority pledge granted by the Company and NBI over the Pledged Share Collateral in favor of the HSBC and (iii) the second priority security interest granted by the Company in the Support Agreement in favor of the HSBC.”

Section 2.02. Amendment of Section 1.17 of the Indenture. The second paragraph of Section 1.17 of the Indenture is hereby amended and restated in its entirety as follows:

“Each party agrees that any service of process or other legal summons in connection with any proceeding may be served on it by mailing a copy thereof by registered mail, or a form of mail substantially equivalent thereto, postage prepaid, addressed to the served party at its address as provided for in Section 1.06 hereof. Nothing in this Section shall affect the right of the parties to serve process in any other manner permitted by law. Each of the Company and the Note Guarantors has appointed Paul Healy at Hollinger International Inc., 712 Fifth Avenue, 18th Floor, New York, NY 10019, or such other person as may be designated from time to time by the Company and the Note Guarantors by written notice to the Trustee, as its authorized agent in New York City (the “Authorized Agent,” which term, as used herein, includes any successor in such capacity) upon whom process may be served in any such action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby which may be instituted in any federal or state court in the State of New York by the Trustee or by any person who controls the Trustee.”

Section 2.03. Amendment of Section 3.08 of the Indenture. Section 3.08 of the Indenture is hereby amended by adding the following to the beginning of Section 3.08:

“(i) The Company shall be permitted, without the consent of any Person, to direct the Trustee and the Collateral Agent by Company Order made not less than 15 days prior to any Interest Payment Date to apply up to \$10.5 million, in the aggregate, of any Senior Notes Collateral consisting of cash, Cash Equivalents or readily marketable securities then being held by the Trustee and/or the Collateral Agent to the punctual payment of all or any portion of

the interest due and payable on the Outstanding Notes on such Interest Payment Date and following receipt of such Company Order the Trustee shall cause the interest on the Notes which is payable on such Interest Payment Date to be punctually paid and duly provided for on such Interest Payment Date from such Senior Notes Collateral, to the extent provided in the Company Order and only to the extent that Senior Notes Collateral is sufficient therefor, to the Persons in whose name the Notes are registered at the close of business on the Regular Record Date for such interest payment in accordance with the terms of this Indenture.

(ii) Upon obtaining consents from the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes, the Company shall be permitted to direct the Trustee and the Collateral Agent by Company Order made not less than 15 days prior to any Interest Payment Date to apply such amount, in the aggregate, in excess of and addition to the \$10.5 million provided for in Section 3.08(i) as such Holders shall have consented to, of any Senior Notes Collateral consisting of cash, Cash Equivalents or readily marketable securities then being held by the Trustee and/or the Collateral Agent to the punctual payment of all or any portion of the interest due and payable on the Outstanding Notes on such Interest Payment Date and following receipt of such Company Order, the Trustee shall cause the interest on the Notes which is payable on such Interest Payment Date to be punctually paid and duly provided for on such Interest Payment Date from such Senior Notes Collateral, to the extent provided in the Company Order and only to the extent that Senior Notes Collateral is sufficient therefor, to the Persons in whose names that the Note are registered at the close of business on the Regular Record Date for such interest payment in accordance with the terms of this Indenture.

(iii) If the requisite consents of Holders shall have been obtained as provided in Section 3.08(ii), the Company may direct the Trustee and the Collateral Agent as described in Section 3.08(ii) in respect of each Interest Payment Date thereafter, unless the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes shall have notified the Company and the Trustee in writing at least 30 days prior to any such subsequent Interest Payment Date, that such election is no longer available to the Company.

(iv) For purposes of this Section 3.08, the Collateral Agent may sell any Senior Notes Collateral consisting of Cash Equivalents or readily marketable securities at market prices, in any manner that

the Collateral Agent deems reasonable, in such amounts as the Collateral Agent deems required in order to make such payment of interest on the Notes. In no event shall the Trustee or the Collateral Agent be liable if the amount of Senior Notes Collateral is insufficient to pay interest on the Notes on any Interest Payment Date; any liability resulting from such insufficiency shall rest solely with the Company and the Note Guarantors."

Section 2.04. Amendment of Article V of the Indenture. A new section 5.17 is hereby added to Article V of the Indenture as follows:

"Section 5.17. Failure to File Reports. If there shall be a default in the performance of the Company's obligations pursuant to Section 10.17(b), then the Company shall pay to the Holders an amount equal to 0.50% of the principal amount of the Notes Outstanding as of December 31, 2005. Any such payment shall be made by the Company no later than January 9, 2006."

Section 2.05. Amendment of Section 5.01(c) of the Indenture. Section 5.01(c) of the Indenture is hereby amended and restated in its entirety to read as follows:

"(i) there shall be a default in the performance, or breach, of any covenant or agreement of the Company under this Indenture (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in Section 5.01(a) or (b), in clauses (ii) or (iii) of this Section 5.01(c) or Section 5.17 (other than, solely with respect to Section 5.17, a default in making any payment required thereby)), and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Notes; (ii) there shall be a default in the performance or breach of the provisions of Article VIII; or (iii) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of Section 10.14;"

Section 2.06. Amendment of Section 5.01(k) of the Indenture. Section 5.01(k) of the Indenture is hereby amended and restated in its entirety to read as follows:

"in any quarterly period after January 1, 2006; the Company fails to receive in cash a minimum aggregate amount of at least \$3.055 million from (i) payments made by RMI during such quarter pursuant to the terms of the Support Agreement, (ii) any management fees paid by Hollinger International and its Subsidiaries directly to the Company or its Wholly Owned

Restricted Subsidiaries during such quarter, and (iii) the Net Dividend Amount, calculated on a quarterly basis, paid by Hollinger International on its Capital Stock held by the Company and its Wholly Owned Restricted Subsidiaries during such quarter (provided that with respect to any period that is less than a fiscal quarter, the minimum aggregate amount of \$3.055 million shall be reduced pro rata by reference to the number of days in such period, calculated on the basis of a 360-day year of twelve 30-day months); or”

Section 2.07. Amendment of Article VI of the Indenture. A new Section 6.14 is hereby added to Article VI of the Indenture as follows:

“SECTION 6.14. Authorization to Enter Into First Priority Intercreditor Agreement. The Trustee shall be authorized and permitted to enter into the First Priority Intercreditor Agreement, dated as of September 30, 2004, among the Company, the Trustee and HSBC.”

Section 2.08. Amendment of Section 7.04 of the Indenture. Section 7.04 of the Indenture is hereby amended and restated in its entirety to read as follows:

“SECTION 7.04. Reports by the Company. (a) The Company shall do the following:

(i) from and after January 1, 2006, file with the Trustee, in accordance with Section 10.17 hereof, and in any event within 30 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company is required to file with the Commission separately or together with the Note Guarantors pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall (A) deliver to the Trustee annual audited financial statements of the Company and its Restricted Subsidiaries, prepared on a Consolidated basis in conformity with GAAP, within 120 days after the end of each fiscal year of the Company; and (B) file with the Trustee and the Commission, in accordance with, and so long as not prohibited by, the rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a

national securities exchange as may be prescribed from time to time in such rules and regulations;

(ii) file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as is required from time to time by such rules and regulations (including such rules and regulations, if any, referred to in Trust Indenture Act Section 314(a)); and

(iii) transmit by mail to all Holders or any other persons entitled to receive a report pursuant to Trust Indenture Act Section 313(c), within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in Trust Indenture Act Section 313(c), such summaries of any information, documents and reports required to be filed by the Company pursuant to Section 10.17 hereunder and subsections (i) and (ii) of this Section as are required and not prohibited by rules and regulations prescribed from time to time by the Commission.

(b) For so long as the Company qualifies as a foreign private issuer (as defined in Rule 3b-4 under the Exchange Act) (a "Foreign Private Issuer"), the Company may comply with the filing requirements of Section 7.04(a)(i) at the times, and in the manner, required of Foreign Private Issuers under the Exchange Act."

Section 2.09. Amendment of Section 10.13(b) of the Indenture. Section 10.13(b)(ii) of the Indenture is hereby amended and restated in its entirety to read as follows:

"(ii) *second*, to the extent of the balance of such Net Cash Proceeds after application, if any, in accordance with clause (i) above, to make an Offer to purchase Notes pursuant to and subject to the conditions set forth below (including, without limitation, the condition in Section 10.13(c) that the aggregate amount of Excess Proceeds equals or exceeds \$5,000,000); *provided, however*, that if the Company elects (or is required by the terms of any Pari Passu Indebtedness), such Offer may be made ratably to purchase the Notes and any Pari Passu Indebtedness of the Company (any Net Cash Proceeds from Asset Sales (excluding any Deficiency resulting from an Offer made using Allocated Proceeds pursuant to clause (b)(i)(B)) that are not applied as provided in clause (i) above shall constitute "Excess Proceeds"); and"

Section 2.10. Amendment of Section 10.17 of the Indenture. Section 10.17 of the Indenture is hereby amended and restated in its entirety to read as follows:

"Provision of Financial Statements. (a) Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, from and after January 1, 2006, the Company and RMI will, to the extent permitted under the Exchange Act, file with, or furnish to, the Commission the annual reports and other documents that they are or would have been required to file with, or furnish to, the Commission pursuant to such Section 13(a) or 15(d), including any information relating to the Company and RMI as may be required by Regulation S-X under the Exchange Act or by the Commission, if they were so subject, such documents to be filed with, or furnished to, the Commission on or prior to the respective dates by which they would have been required so to file, or to furnish, such documents if they are or were so subject (in each case, at the times, and in the manner, required of Foreign Private Issuers under the Exchange Act if the Company or RMI, as the case may be, qualifies as a Foreign Private Issuer) (the "Required Filing Dates"); *provided that*, RMI may satisfy its obligations under this paragraph through the inclusion in the Company's annual reports and other documents filed with or furnished to the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act (or the provisions of this Indenture) of such financial information of RMI as may be required to be contained therein by Regulation S-X under the Exchange Act. The Company will in any event, from and after January 1, 2006, (x) within 15 days of such Required Filing Date (i) transmit by mail to all Holders, as their names and addresses appear in the Note Register, without cost to such Holders and (ii) file with the Trustee copies of the annual reports and other documents which the Company would have been required to file with, or to furnish to, the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if it was subject to such Sections and (y) if filing or furnishing such documents by the Company with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any Holders at the Company's cost.

(b) On or prior to December 31, 2005, the Company will file with, or furnish to, the Commission and transmit by mail to the Trustee and all Holders an annual report on Form 20-F (or any other form available for the purpose) pursuant to the Exchange Act, including audited Consolidated financial statements for the fiscal years ended December 31, 2003 and December 31, 2004."

Section 2.11. Amendment of Section 10.23 of the Indenture. The introductory clause of Section 10.23 of the Indenture is hereby amended and restated in its entirety as follows:

"Except in connection with the New Notes, RMI shall not:"

Section 2.12. Amendment of Section 14.01 of the Indenture. The last paragraph of Section 14.01 of the Indenture is hereby amended and restated in its entirety to read as follows:

"The Senior Notes Collateral shall secure (i) the Indenture Obligations and the obligations under the Guarantees, and performance of all other obligations of the Company and Note Guarantors, up to the amount outstanding from time to time under the Notes and (ii) subject to the terms, conditions and limitations of the New Notes Security Agreement and the New Notes Intercreditor Agreement, the obligations of the Company and the Note Guarantors under the New Notes and the New Notes Indenture, up to the amount outstanding from time to time under the New Notes. The claims of Holders against the Senior Notes Collateral will be subject to the Intercreditor Agreement. The claims of the holders of New Notes against the Senior Notes Collateral will be subject to the New Notes Intercreditor Agreement. The Holders hereby authorize and direct the Trustee, or a Co-Trustee appointed by the Trustee, to enter into the Intercreditor Agreement and the New Notes Intercreditor Agreement on their behalf."

ARTICLE III Miscellaneous

Section 3.01. Effectiveness; Termination. Upon the execution hereof by the parties hereto, the amendments to the Indenture set forth in Article II of this First Supplemental Indenture shall become effective, the Indenture shall be modified in accordance therewith, this First Supplemental Indenture shall form part of the Indenture for all purposes and every Holder of a Note heretofore or hereafter authenticated and delivered under the Indenture shall be bound by the Indenture as modified by this Supplemental Indenture.

Section 3.02. GOVERNING LAW. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

Section 3.03. Counterparts. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 3.04. Successors and Assigns. All covenants and agreements in this First Supplemental Indenture by the Company, any Note Guarantor, RCL or Sugra shall bind its successors and assigns, whether so expressed or not.

Section 3.05. Conflicts. In the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this First Supplemental Indenture, the terms and conditions of this First Supplemental Indenture shall prevail.

Section 3.06. Headings. The Article and Section headings in this First Supplemental Indenture are for convenience only and shall not affect the construction hereof.

Section 3.07. Separability Clause. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.08. Benefits of First Supplemental Indenture. Nothing in this First Supplemental Indenture, express or implied, shall give to any Person (other than the parties hereto and their successors hereunder, any Paying Agent and the Holders) any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

Section 3.09. The Trustee. The recitals herein shall be taken as statements of the Company and the Note Guarantors and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 3.10. Notice to Holders. The Company and the Note Guarantors shall notify the Holders of the effectiveness of this First Supplemental Indenture reasonably promptly after the date of such effectiveness.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, all as of the day and year first above written.

HOLLINGER INC.

By

Name: Peter G. White

Title: Co-Chief Operating Officer

RAVELSTON MANAGEMENT INC.,
solely in its capacity as Note Guarantor

By

Name: Peter G. White

Title: Executive Vice President

504468 N.B. INC., solely in its capacity
as Note Guarantor

By

Name: Peter G. White

Title: Executive Vice President

THE RAVELSTON CORPORATION
LIMITED

By

Name: Peter G. White

Title: Executive Vice President

SUGRA LIMITED

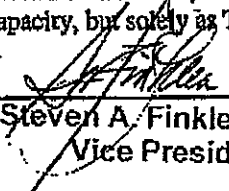
By

Name: Peter G. White

Title: President

WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION, not in its
individual capacity, but solely as Trustee

By


Name: Steven A. Finklea, CCTS
Title: Vice President

10/1/07
10/1/07

EXHIBIT I

FORM OF NEW NOTES INTERCREDITOR AGREEMENT

37.

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.

ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding Commenced at Toronto

**APPLICATION RECORD
(RETURNABLE ON AUGUST 1, 2007)**

(VOLUME I OF II)

ThorntonGroutFinnigan LLP
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Toronto-Dominion Centre
Toronto, ON M5K 1K7

Robert I. Thornton – 24266B 1B
D.J. Miller – 34393P 1D
Kyla E.M. Mahar – 44182G

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

Solicitors for the Applicants

EXHIBIT “L”

Auditors' Report

To the Shareholders of Hollinger Inc.

We have audited the consolidated balance sheets of Hollinger Inc. (the "Corporation") as at March 31, 2007, March 31, 2006 and December 31, 2005 and the consolidated statements of operations, deficit, accumulated other comprehensive income and cash flows for the year ended March 31, 2007, the three months ended March 31, 2006 and the year ended December 31, 2005. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007, March 31, 2006 and December 31, 2005 and the results of its operations and its cash flows for the year ended March 31, 2007, the three months ended March 31, 2006 and the year ended December 31, 2005 in accordance with Canadian generally accepted accounting principles.

Zeifman & Company, LLP

Toronto, Ontario
June 20, 2007

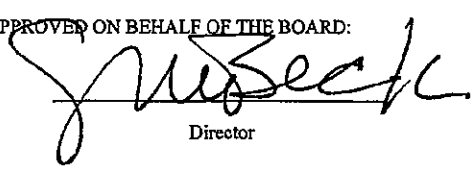
Chartered Accountants
Licensed Public Accountants

201 Bridgeland Avenue
Toronto, Ontario M6A 1Y7
Tel: (416) 256-4000
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Website: www.zeifman.ca
Email: info@zeifman.ca

A member of
SC International



**HOLLINGER INC.
CONSOLIDATED BALANCE SHEETS**

	March 31, 2007	2006	December 31, 2005
(expressed in thousands of dollars)			
ASSETS			
CURRENT			
Cash and cash equivalents	\$ 31,288	\$ 18,645	\$ 14,193
Restricted cash (note 2)	-	33,007	49,077
Accounts receivable	577	915	907
Amounts due from related parties (note 3)	-	839	876
Prepaid expenses and other	1,619	1,031	1,443
Assets held for sale (note 6)	7,210	8,959	-
	40,694	63,396	66,496
MORTGAGES RECEIVABLE (note 4)	11,445	2,949	2,909
INVESTMENTS (note 5)	89,174	154,112	164,625
PROPERTY AND EQUIPMENT (note 7)	1,376	1,588	10,433
RESTRICTED CASH (note 2)	1,751	9,916	9,866
FUTURE INCOME TAX ASSETS (note 8)	10,851	11,011	10,014
	\$ 155,291	\$ 242,972	\$ 264,343
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 12,002	\$ 9,983	\$ 13,683
Amounts due to related parties (note 3)	89,944	75,617	73,688
Income taxes payable (note 8)	3,979	5,536	5,558
Dividends payable - Series II Preference Shares	5,188	5,276	5,226
Retractable preference shares (note 9)	4,423	7,647	8,167
Secured notes (note 10)	107,229	108,531	108,401
	222,765	212,590	214,723
FUTURE INCOME TAXES (note 8)	13,589	26,020	27,484
POST RETIREMENT BENEFITS (note 11)	9,436	9,837	10,082
	245,790	248,447	252,289
SHAREHOLDERS' EQUITY (DEFICIENCY)			
CAPITAL STOCK (note 12)	345,932	345,932	345,932
CONTRIBUTED SURPLUS (note 17)	22,733	22,706	22,509
ACCUMULATED OTHER COMPREHENSIVE LOSS	(53)	(190)	(21)
DEFICIT	(459,111)	(373,923)	(356,366)
	(459,164)	(374,113)	(356,387)
	(90,499)	(5,475)	12,054
	\$ 155,291	\$ 242,972	\$ 264,343
Contingencies and legal matters (notes 13, 14 and 15)	-	-	-
Subsequent events (note 20)	-	-	-
APPROVED ON BEHALF OF THE BOARD:			
			
Director	Director		

See accompanying notes to consolidated financial statements

HOLLINGER INC.
CONSOLIDATED STATEMENTS OF ACCUMULATED
OTHER COMPREHENSIVE LOSS

	Year Ended March 31, 2007	Three Months Ended March 31, 2006	Year Ended December 31, 2005
(expressed in thousands of dollars)			
BALANCE - Beginning of period	\$ (190)	\$ (21)	\$ (127)
Foreign currency translation adjustment	137	(169)	106
BALANCE - End of period	<u>\$ (53)</u>	<u>\$ (190)</u>	<u>\$ (21)</u>

See accompanying notes to consolidated financial statements

HOLLINGER INC.
CONSOLIDATED STATEMENTS OF DEFICIT

	Year Ended March 31, 2007	Three Months Ended March 31, 2006	Year Ended December 31, 2005
(expressed in thousands of dollars)			
DEFICIT - Beginning of period	\$ (373,923)	\$ (356,366)	\$ (264,133)
Net loss for the period	<u>(85,188)</u>	<u>(17,557)</u>	<u>(92,233)</u>
DEFICIT - End of period	<u>\$ (459,111)</u>	<u>\$ (373,923)</u>	<u>\$ (356,366)</u>

See accompanying notes to consolidated financial statements

HOLLINGER INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended March 31, 2007	Three Months Ended March 31, 2006	Year Ended December 31, 2005
(expressed in thousands of dollars except share and per share amounts)			
REVENUE			
Investment and dividend income	\$ 4,836	\$ 1,614	\$ 65,396
Newspaper publishing revenues	4,117	719	3,992
Other revenues	775	257	1,508
	<u>9,728</u>	<u>2,590</u>	<u>70,896</u>
EXPENSES			
Newspaper publishing expenses	3,906	614	3,889
Amortization	282	114	521
General and administrative	5,077	2,087	8,539
Directors' fees	388	175	6,391
Stock-based compensation (note 16)	27	197	1,669
Professional fees and other expenses	21,410	3,944	14,308
Legal fees indemnity (note 3)	11,523	-	-
Unrealized and realized losses on investments (note 5)	64,938	10,468	132,035
Unrealized and realized gains on Series II Preference shares (note 9)	(3,224)	(520)	(6,550)
Gain on sale of properties	(18,589)	(69)	(1,651)
Provision for amounts due from related parties (note 3)	-	2	5,970
Interest on secured notes	13,579	3,456	14,505
Interest expense - Series II Preference Shares (note 9)	84	43	2,906
Interest expense - related parties	7,972	1,870	7,199
Other interest	1,595	145	579
	<u>108,968</u>	<u>22,526</u>	<u>190,310</u>
NET FOREIGN CURRENCY GAINS (LOSSES)	<u>605</u>	<u>(266)</u>	<u>3,128</u>
NET LOSS BEFORE INCOME TAXES	<u>(98,635)</u>	<u>(20,202)</u>	<u>(116,286)</u>
PROVISION FOR (RECOVERY OF) INCOME TAXES			
Current	(1,176)	(184)	881
Future	(12,271)	(2,461)	(24,934)
	<u>(13,447)</u>	<u>(2,645)</u>	<u>(24,053)</u>
NET LOSS	<u>\$ (85,188)</u>	<u>\$ (17,557)</u>	<u>\$ (92,233)</u>
Loss per retractable common share			
Basic	<u>\$ (2.44)</u>	<u>\$ (0.50)</u>	<u>\$ (2.64)</u>
Diluted	<u>\$ (2.44)</u>	<u>\$ (0.50)</u>	<u>\$ (2.64)</u>
Weighted average shares outstanding - Basic and fully diluted	<u>34,945,776</u>	<u>34,945,776</u>	<u>34,945,776</u>

See accompanying notes to consolidated financial statements

HOLLINGER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31, 2007	Three Months Ended March 31, 2006	Year Ended December 31, 2005
(expressed in thousands of dollars)			
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Net loss for the period	\$ (85,188)	\$ (17,557)	\$ (92,233)
Items not affecting cash			
Amortization	282	114	521
Stock-based compensation	27	197	1,669
Future income taxes	(12,271)	(2,461)	(24,934)
Unrealized and realized losses on investments	64,938	10,468	132,035
Unrealized and realized gains on Series II Preferred shares	(3,224)	(520)	(6,550)
Gain on sale of assets held for sales	(18,589)	(69)	(1,651)
Other	(1,040)	(22)	(2,219)
	(55,065)	(9,850)	6,638
Changes in non-cash items related to operating activities ¹			
Accounts receivable	338	(8)	(141)
Prepaid expenses and other	(588)	412	(903)
Accounts payable and accrued liabilities	2,019	(3,700)	(20,360)
Income taxes payable	(1,557)	(22)	(987)
Deferred revenue	-	50	2,698
Amounts due to/from related parties	15,166	1,929	53,452
Post retirement benefits paid	(894)	(177)	(766)
	(40,581)	(11,366)	39,631
INVESTING ACTIVITIES			
Restricted cash	41,172	16,020	(44,578)
Proceeds from sale of assets held for sale	12,052	548	6,550
Assets held for sale	-	(750)	-
Additions to property and equipment	-	-	(72)
	53,224	15,818	(38,100)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	12,643	4,452	1,531
CASH AND CASH EQUIVALENTS - Beginning of period	18,645	14,193	12,662
CASH AND CASH EQUIVALENTS - End of period	\$ 31,288	\$ 18,645	\$ 14,193
Supplemental cash flow disclosures			
Interest paid	\$ 14,372	\$ 6,845	\$ 14,053
Income taxes paid	\$ -	\$ -	\$ 125

See accompanying notes to consolidated financial statements

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

OVERVIEW

Hollinger Inc. is an open-end investment holding company and a "mutual fund corporation" under the *Income Tax Act* (Canada). Unless the context otherwise requires, when used in these notes, the term "Corporation" refers to Hollinger Inc. and its direct and indirect subsidiaries other than Sun-Times Media Group, Inc. ("Sun-Times", formerly Hollinger International Inc.) and its subsidiaries. The Corporation's principal asset is its interest in Sun-Times, in which it held approximately 70.0% of the voting interest and 19.7% of the equity interest at March 31, 2007 (66.8%/17.4% at each of March 31, 2006 and December 31, 2005). The change from March 31, 2006 resulted from the implementation by Sun-Times of a stock repurchase program. Sun-Times is a newspaper publisher with assets that include the *Chicago Sun-Times* and a number of community newspapers in the Chicago area. For the reporting periods, the Corporation also owned a portfolio of commercial real estate in Canada and a newspaper in Costa Rica.

The Corporation's Series II preference shares are retractable at the option of the holder for an amount based on the market trading value of Sun-Times Class A shares. The Corporation's common shares (the "Common Shares") are retractable, at the option of the holder, for an amount based on the market value of the Corporation's net assets, determined on a non-consolidated basis.

Under applicable corporate law, the Corporation cannot redeem shares or declare or pay dividends in certain circumstances. These circumstances include if there are reasonable grounds for believing that the Corporation is, or would after such payment be, unable to pay its liabilities as they become due. The Corporation is currently prevented from honouring retractions of Series II preference shares and Common Shares as a consequence of it being in default under the terms of the indentures governing the 11.875% senior secured notes due 2011 issued in March 2003 (the "Senior Notes") and the 11.875% senior secured notes due March 2011 issued in September 2004 (the "Second Priority Notes", and together with the Senior Notes, the "Notes" – see note 10).

As a result of the inability by the Corporation to file its financial statements on a timely basis, on June 1, 2004, the Ontario Securities Commission (the "OSC") issued a management and insider cease trade order (the "MCTO") prohibiting certain then current and former directors, officers and insiders of the Corporation from trading in securities of the Corporation until the MCTO is revoked. On April 10, 2007, the OSC issued an order revoking the Management and Insider Cease Trade Order issued by the OSC on June 1, 2004, as amended. The revocation order stemmed from the remediation by the Corporation of its historical continuous disclosure record on March 7, 2007.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and going concern

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using a basis of presentation which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Corporation's ability to continue as a going concern is uncertain due to the Corporation's non-compliance with certain covenants under the indentures governing its Notes (collectively, the "Indentures" - see note 10), contingent liabilities related to various disputes, investigations, indemnities and legal proceedings (see notes 13, 14, and 15), the suspension of dividends by Sun-Times, the decline in the trading value of the Sun-Times Class A shares,

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

the Corporation's limited cash resources, continuing excess of the Corporation's cash outflows over its cash inflows and the depletion of the Corporation's non-core assets. As such, realization of assets and discharge of liabilities are subject to significant uncertainty.

If the "going concern" assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Principles of consolidation

The consolidated financial statements include the accounts of all subsidiaries of the Corporation, excluding Sun-Times and its subsidiaries, but including the accounts of Editorial La Razon, S.A. ("ELR"), a company incorporated under the laws of Costa Rica, which, among other things, publishes the *La Republica* newspaper in Costa Rica.

All intercompany transactions and balances have been eliminated.

Change in year-end

In 2006, the Corporation changed its fiscal year-end from December 31 to March 31, effective for the three months ended March 31, 2006. The change in year-end to March 31 was approved by Canada Revenue Agency.

Financial instruments

Effective prior to 2005, the Corporation adopted Canadian Institute of Chartered Accountants Handbook ("CICA Handbook") Section 1530, *Comprehensive Income*, CICA Handbook Section 3855 ("Section 3855"), *Financial Instruments—Recognition and Measurement*, and CICA Handbook Section 3865, *Hedges*. These standards contain comprehensive requirements for the recognition and measurement of financial instruments, the treatment of financing costs and the application of hedge accounting. CICA Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income.

Use of estimates

The preparation of these consolidated financial statements requires the Corporation to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Corporation evaluates its estimates on an ongoing basis, including those related to bad debts, investments, income taxes, pensions and other post-retirement benefits, contingencies and litigation. The Corporation relies on historical experience and various other assumptions that are believed to be reasonable under the circumstances in making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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Foreign currency translation

Monetary items denominated in foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at exchange rates in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated into Canadian dollars at the rates of exchange prevailing when the underlying transactions occurred. Foreign exchange gains and losses are included in income.

The financial statements of foreign subsidiaries, all of which are self-sustaining, are translated using the current rate method, whereby all assets and liabilities are translated at fiscal year-end exchange rates, with items in the consolidated statements of operations translated at the weighted average exchange rates for the fiscal year. Exchange gains or losses arising from the translation of self-sustaining foreign subsidiaries are included in other comprehensive income. These exchange gains or losses are reclassified to earnings when realized through a reduction of the Corporation's net investment in the foreign subsidiary.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits with a maturity of 90 days or fewer.

Investments

Investments in which the Corporation exercises significant influence are accounted for by the equity method. Investments are written down when declines in value are considered to be anything other than temporary.

Other investments have been classified as held-for-trading and are accounted for at fair value, with changes in fair value recognized as income or loss. Pursuant to CICA Handbook Section 3855 relating to the recognition and measurement of financial instruments, investments in securities having quoted market values and which are publicly traded on a recognized securities exchange are recorded at values based on the current bid prices for financial reporting purposes. Investments in securities that are not publicly traded but are freely convertible into securities having quoted market values and which are publicly traded on a recognized securities exchange are also recorded at values based on the last bid price of the publicly traded securities before the period end. The Corporation's investments in equity securities that do not have a quoted market price in an active market are measured at cost.

Property and equipment

Property and equipment are stated at cost. Cost represents the cost of acquisition.

Property and equipment of the Corporation, with the exception of the newspaper publishing assets of

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ELR, are amortized over their estimated useful lives as follows:

Buildings	straight line over 25 to 40 years
Office equipment	straight line over 4 to 20 years
Leasehold interests	straight line over the term of the lease

Property and equipment of ELR are amortized over their useful lives ranging from three to five years.

The amortization rates of ELR have not been conformed to those of the Corporation, as management does not consider the effects of the differences to these financial statements to be material.

Artwork is not amortized.

Impairment of long-lived assets

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable in accordance with Section 3063, *Impairment of Long Lived Assets*, of the CICA Handbook. Pursuant to this standard, an impairment loss is recognized when the carrying amount of an asset exceeds the projected undiscounted future net cash flows expected from its use and disposal. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value, which is determined by discounted cash flows when quoted market prices are not available. Future amortization will be charged based on the post-impairment carrying value.

Long-term debt

The Corporation's long-term debt is measured at amortized cost.

Preference shares

The Series II preference shares represent a financial liability and have been designated by the Corporation as held-for-trading, pursuant to CICA Handbook Section 3855. They are recorded in the accounts at their fair value, being based on the fair value of the Sun-Times Class A shares for which they are exchangeable.

Amounts from related parties under the Support Agreement

Following the application of amounts to specific debts owing by related parties to the Corporation, amounts received from related parties under the terms of a support agreement, dated March 10, 2003 between the Corporation and RMI (the "Support Agreement") (see note 3(b)) are recorded as contributed surplus.

Revenue recognition

The Corporation's revenues are derived from dividends from its investment in Sun-Times, real estate income and other investment income and, in respect of ELR, newspaper publishing. Revenue is recognized when each of the following criteria is met: (a) persuasive evidence of an arrangement exists;

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(b) delivery has occurred and services have been rendered; (c) the price to the buyer is fixed or determinable; and (d) collectibility is reasonably assured or probable.

Advertising revenue, being amounts charged for space purchased in ELR's newspapers, is recognized upon publication of the advertisements. Circulation revenue from ELR's subscribers, billed to customers at the beginning of a subscription period, is recognized on a straight-line basis over the term of the related subscription.

Investment income includes dividend and interest income. Dividend income is recognized as of the ex-dividend date and when collectibility is reasonably assured. Interest income on all securities and bank balances is recognized on an accrual basis. Real estate rental income is recognized over the terms of the leases.

Income taxes

Future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, some of which are recorded at fair value, and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset value will not be realized.

Employee future benefit plans

The Corporation accrues its obligations under employee benefit plans and the related costs, net of plan assets. The following policies are applied in accounting for employee benefit plans:

- (a) the cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs;
- (b) for the purpose of calculating the expected return on plan assets, those assets are valued at fair value;
- (c) past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment; and
- (d) actuarial gains and losses are recognized in the period and not amortized over the average remaining service period of active employees.

Stock-based compensation and other stock-based payments

The Corporation accounts for grants under its employee stock option plan using the fair value-based method of accounting for stock-based compensation. Fair values are determined using the Black-Scholes

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option-pricing model. Compensation costs are recognized over the vesting period as an increase to stock-based compensation expense and contributed surplus. If and when the stock options are ultimately exercised, the applicable amounts of additional paid-in capital and contributed surplus are transferred to share capital.

Loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of Common Shares outstanding during the year. Diluted loss per share is computed using the treasury stock method whereby the weighted average number of Common Shares used in the basic loss per share calculation is increased to include the number of additional Common Shares that would have been outstanding if the potential Common Shares that are dilutive had been issued at the beginning of the period. Potential Common Shares represent the Common Shares issuable upon the exercise of stock options or warrants. Potential Common Shares are not included in the calculation if the effect of the exercise of the related stock options or warrants is anti-dilutive.

Transaction costs

The Corporation expenses transaction costs as incurred.

Legal proceedings, investigations and settlements

The Corporation is involved in various claims, legal proceedings, investigations and complaints, principally related to transactions between the Corporation, on the one hand, and certain of its affiliates and certain former executive officers and directors of the Corporation and its affiliates, on the other hand. The potential impact of these claims, proceedings, investigations and complaints, including legal fees, cannot currently be estimated with accuracy. Costs related thereto are reflected in these financial statements as incurred. Future costs will be recorded in the periods such costs are incurred. Future amounts recovered therefrom, if any, will be credited to earnings as realized.

2. RESTRICTED CASH

Restricted cash is comprised as follows:

	March 31,		December 31,
	2007	2006	2005
SEC escrow arrangements (a)	\$ -	\$ 33,007	\$ 48,402
Cash security held by trustee of Senior Notes (b)	-	-	675
Cash security for certain directors' indemnities (c)	-	8,197	8,145
Cash security for certain officers' indemnities (d)	524	509	505
Cash security for post-employment obligations (e)	1,227	1,210	1,216
	<u>\$ 1,751</u>	<u>\$ 42,923</u>	<u>\$ 58,943</u>

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	March 31,		December 31,
	2007	2006	2005
Classified as current assets (a) and (b)	\$ -	\$ 33,007	\$ 49,077
Classified as long-term assets (c), (d) and (e)	1,751	9,916	9,866
Restricted cash	\$ 1,751	\$ 42,923	\$ 58,943

- (a) The Corporation agreed with the United States Securities and Exchange Commission (the "SEC") to deposit certain past dividend income from Sun-Times and, subject to any overriding rights of the holders of Senior Notes, the amount of any similar subsequent distributions made by Sun-Times, net of applicable withholding taxes, into an escrow account with a licensed trust company. Amounts held in the escrow account were in US dollars. The escrow agreement provides that the Corporation has access to the escrowed funds for ordinary business and certain other enumerated purposes. The escrow agreement terminates on the earliest of the date of conclusion of the SEC action as to all parties (see note 13(c)), the date of final disbursement of the entire amount of escrowed funds, or February 28, 2007. The final disbursement of escrowed funds occurred on February 27, 2007 and, as a result, the escrow agreement was not extended and has terminated in accordance with its terms.
- (b) In connection with the Second Priority Notes, the Corporation also entered into the first supplemental indenture as of September 30, 2004 (the "First Supplemental Indenture") in respect of the Senior Notes. The First Supplemental Indenture, among other things, provided for the release of the Sun-Times Class A shares which had been held in escrow and the establishment of an interest-bearing cash collateral account in the amount of \$14.1 million (US\$10.4 million) which funds were directed to be applied against future payment of all or any portion of interest due and payable under the Senior Notes. The balances disclosed above are the amounts remaining in the cash collateral account at the various reporting dates.
- (c) As discussed more fully in note 13(l), beginning in June 2004, the Corporation placed certain amounts in trust in support of the Corporation's indemnities in respect of certain former directors. On June 30, 2004, \$500,000 of cash was placed in trust. On February 7, 2005, an additional \$1.5 million was placed in trust. On March 30, 2005, a further \$6.0 million was deposited into the same trust account. As discussed in note 13(l) to these consolidated financial statements, these trusts were collapsed in conjunction with the settlement of all outstanding matters with these directors.
- (d) In March 2005, the Corporation established a trust similar to that described in (c) above in support of the Corporation's indemnities in respect of two of its officers, with a deposit of \$500,000.
- (e) In April 1998, the Corporation paid to the Domgroup Ltd. Trust an amount of \$1.2 million in support of group health benefits for specified retirees of the former Dominion Stores. Based on a triennial actuarial valuation, if there is a deficit in the trust, the Corporation is required to immediately fund the deficit. Alternatively, if there is a surplus, the Corporation is permitted to

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reduce the amount of funds held in the trust. Based on the actuarial valuation as at December 31, 2005, the Corporation's obligations are fully funded by the funds held in the trust.

3. RELATED PARTIES

Amounts due from and due to related parties are comprised as follows:

	March 31, 2007	March 31, 2006	December 31, 2005
Amounts due from:			
The Ravelston Corporation Limited ("RCL"), a parent company (a) and (b)	\$ 25,705	\$ 23,923	\$ 23,545
Ravelston Management Inc. ("RMI") (b)	93,386	74,098	74,009
Sun-Times and its subsidiaries (c) and (d)	1,533	2,412	2,445
Former directors and other related parties	370	341	343
	120,994	100,774	100,342
Allowance for doubtful amounts	(120,994)	(99,935)	(99,466)
	\$ -	\$ 839	\$ 876
Amounts due to:			
Former directors under share unit plan (f)	\$ 243	\$ 327	\$ 331
Disputed amount due to Conrad Black ("Black") (e)	24,405	21,921	21,259
Sun-Times and its subsidiaries (c) and (d)	42,570	37,618	36,368
Disputed amounts due to Sun-Times relating to indemnities of former directors and officers (d)	18,110	8,949	9,428
Disputed amounts accrued for severance and unpaid fees of former directors (g)	-	2,334	2,334
Amounts accrued for Catalyst Fund General Partner I Inc. ("Catalyst") claim (h)	3,975	3,975	3,475
Other related parties	641	493	493
	\$ 89,944	\$ 75,617	\$ 73,688

Amounts due to/from related parties have been included in current assets and current liabilities, respectively. Transactions with related parties are measured at the exchange amount.

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Related party interest expense amounts are comprised as follows:

	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Interest expense – related parties			
Black (f)	\$ 2,714	\$ 650	\$ 2,485
Sun-Times (c) (i)	5,258	1,220	4,714
	<u>\$ 7,972</u>	<u>\$ 1,870</u>	<u>\$ 7,199</u>

(a) This balance relates primarily to the following:

- (i) three loans were made to RCL in the principal amounts of \$4.7 million, \$4.8 million and \$5.2 million, by Domgroup Ltd. ("Domgroup"), a wholly-owned subsidiary of the Corporation, to assist RMI, a subsidiary of RCL, in meeting its obligations to the Corporation under the Support Agreement between the Corporation and RMI and thereby assist the Corporation in meeting its obligations under the Indentures, as described herein. Each of the loans is evidenced by a demand promissory note bearing interest at the prime lending rate plus 4% per annum, calculated and payable monthly, and secured pursuant to a general security agreement of RCL; and
- (ii) costs of approximately \$7.0 million incurred in connection with the going private transaction proposed by RCL in 2004 (the "Strategic Transaction"), which RCL agreed to reimburse to the Corporation pursuant to a reimbursement agreement. The RCL obligation to reimburse the Corporation is secured by a general security agreement.

The principal amounts of these balances and any accrued interest thereon remain outstanding. Demand has been made for repayment of these amounts. Because collectibility of the amounts is uncertain, the amounts have been fully provided for in these consolidated financial statements and any interest income from related parties has been recorded on a cash basis.

- (b) The Corporation has claimed amounts due from RMI of \$93.4 million at March 31, 2007 (\$74.1 million at March 31, 2006 and \$74.0 million at December 31, 2005) in connection with RMI's obligations under the Support Agreement. Amounts owing by RMI under the Support Agreement do not accrue interest and are unsecured obligations of RMI. Pursuant to the Contribution Agreement (see below), RCL unconditionally guaranteed RMI's obligations under the Support Agreement, with such guarantee supported by a pledge of the RCL investment in shares of RMI. The increase of \$19.3 million from April 1, 2006 to March 31, 2007 is due to an increase in accrued support receivable of \$20.2 million (US\$17.5 million) and a decrease of \$0.9 million due to the effect of the depreciation in US currency.

On April 20, 2005, RCL and RMI were each granted protection (the "Ravelston CCAA and Receivership Order") under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") and the *Courts of Justice Act* (Ontario). The monitor, receiver and manager (the "Ravelston Receiver") under these orders is RSM Richter Inc. (see note 15(e)). As a result, the collectibility

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of the amounts described in (a) and (b) above is uncertain and full provision for doubtful amounts receivable and the reversal of amounts recorded in contributed surplus but not received have been recorded in these accounts.

On March 10, 2003, the date the Corporation issued the Senior Notes, RMI entered into the Support Agreement with the Corporation under which RMI agreed to make annual support payments in cash to the Corporation on a periodic basis by way of contributions to the capital of the Corporation or subordinated debt. The Corporation, RMI and RCL also entered into an agreement (the "Contribution Agreement") in this regard. Under the terms of the Contribution Agreement and following the repayment of certain related party loans, any support payments received during 2003 and 2004 were treated as contributions of capital and included in contributed surplus. The amount of the annual support payments is equal to the greater of (a) the non-consolidated negative net cash flow of the Corporation (which does not extend to outlays for retractions and redemptions in respect of the share capital of the Corporation), or (b) US\$14 million per year (less any future payments of services agreement fees directly to the Corporation, and any excess in the net dividend amount received by the Corporation on the shares of Sun-Times that is over US\$4.7 million per year), in either case, as reduced by any permanent repayment of debt owing by RCL to the Corporation. The timing of payment of such support amount on a quarterly basis is defined in the Indentures to be within 45 days after each of the first three quarters of the year and within 90 days of the last quarter of the year. The Support Agreement terminates upon the repayment in full of the Notes. The obligations under the Support Agreement and the Contribution Agreement are the subject of a dispute with RCL and RMI.

- (c) This balance includes an amended promissory note of the Corporation in favour of Sun-Times dated March 10, 2003 in the principal amount of US\$20.4 million. The principal amount of this promissory note bears interest at a rate of 14.25% per annum if interest is paid in cash (and 16.50% per annum if paid in kind). The aggregate outstanding principal and accrued interest was \$40.5 (US\$35.1 million) at March 31, 2007, \$35.6 million (US\$30.5 million) at March 31, 2006, and \$34.3 million (US\$29.4 million) at December 31, 2005. Interest is calculated quarterly and all amounts owing under this promissory note are payable on demand after March 1, 2011. The Corporation paid \$0.8 million (US\$0.7 million) through August 31, 2003 and no further interest payments have been made to Sun-Times. Interest continues to accrue. Certain covenants under the Senior Notes restrict payment of interest. This promissory note is also secured by a pledge of the Corporation's Contribution Agreement with RCL and RMI. The promissory note is guaranteed by RCL and secured by its receivables under RCL's management services agreement with CanWest Global Communications Corp. ("CanWest"). The Corporation understands that such RCL/CanWest management services agreement was terminated in May 2005. All amounts owing under the note are subordinated to the Notes.

On March 10, 2003, Sun-Times repurchased for cancellation 2,000,000 Sun-Times Class A shares from the Corporation at US\$8.25 per share for total proceeds of \$24.2 million (US\$16.5 million). On January 1, 2003, the fair value of a Sun-Times Class A share was US\$10.69. Sun-Times also redeemed from the Corporation, pursuant to a redemption request, all of the 93,206 outstanding shares of its Series E redeemable convertible preferred stock at the fixed redemption price of \$146.63 per share for total proceeds of \$13.6 million (US\$9.3 million). These transactions were completed in conjunction with the Corporation closing the private placement of the \$120 million tranche of Senior Notes issued March 10, 2003.

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Proceeds from the repurchase and redemption were offset against debt due to Sun-Times by the Corporation, resulting in net outstanding debt due to Sun-Times of approximately \$29.9 million (US\$20.4 million) as of March 10, 2003.

The debt due to Sun-Times represented amounts loaned by Sun-Times to the Corporation in connection with the cash purchase by the Corporation of special shares of Hollinger Canadian Publishing Holdings Inc., a subsidiary of Sun-Times, in 1997. In 2001, the special shares were exchanged for cash.

The Corporation and Sun-Times previously reported that a committee of independent directors of Sun-Times had agreed to a partial subsequent offset of the remaining US\$20.4 million of debt against amounts owed by Sun-Times to RMI and further stated that the offset was effected April 30, 2003. Although the Corporation believed final approval had been given for the offset by the committee of independent directors of Sun-Times, the committee advised that final approval of any offset was subject to appropriate due diligence and receipt of an independent fairness opinion. Upon completion of its due diligence review, the committee decided to withhold approval of the subsequent partial offset.

As a result of its understanding that the subsequent partial offset had been completed on April 30, 2003, the Corporation did not pay interest on the principal amount of the debt due to Sun-Times that had been partially offset. RCL did not make the payment due on June 30, 2003 into a cash collateral account of Sun-Times securing the debt. Since that time, the Corporation has not paid interest on the principal amount that remained after the subsequent partial offset and RCL has made no further payments to the cash collateral account.

- (d) The Corporation has accrued approximately \$18.1 million (US\$15.7 million) at March 31, 2007, \$8.9 million at March 31, 2006 and \$9.4 million at December 31, 2005 relating to legal fees incurred by Black, the controlling shareholder of RCL and the Corporation's former Chairman and Chief Executive Officer, and F. David Radler ("Radler"), a shareholder of RCL and the Corporation's former President, and other former officers and directors, the reimbursement of which is being sought from the Corporation under the terms of the Corporation's alleged indemnity of these former directors and officers. This amount reflects management's estimate of possible future claims for legal fees incurred up to March 31, 2007 under the terms of these indemnities. The Corporation disputes its obligation to make any payments under the terms of these indemnities.
- (e) Pursuant to an Order and Final Judgment of the Delaware Court of Chancery dated June 28, 2004, the Corporation and Black were ordered to jointly pay Sun-Times an aggregate of US\$16.6 million on account of non-compete payments received by the Corporation in prior years, plus accrued interest of US\$4.7 million. On July 16, 2004, Sun-Times was paid US\$21.3 million pursuant to this Order, of which US\$15.3 million was advanced by Black and US\$6.0 million was advanced by the Corporation. Black has demanded repayment from the Corporation of the amount advanced by him plus interest. The Corporation disputes any obligation to make restitution to Black (see note 15(g)). Although the Corporation disputes Black's claim for these amounts and believes that, in any event, it has a valid basis for offsetting any such amount against various unrecorded amounts contingently owing to it by Black, the consolidated balance sheets include a liability to Black for such balance, plus interest accrued at the rate of 12% per annum, which the Corporation understands was the interest rate incurred by Black to finance the

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payment. The amounts contingently owing to the Corporation by Black include amounts claimed in respect of the non-compete payments.

- (f) Effective February 24, 1999, directors of the Corporation were permitted to elect up to 100% of total fees to which they were entitled to be paid in the form of deferred share units under the Directors' Share Unit Plan, as amended (the "DSUP"). For a director that elected to participate, deferred share units equal to the number of Common Shares that could have been purchased in the open market were credited to an account maintained by the Corporation for that director under the DSUP.

Deferred share units are to be paid to the director no later than December 31 of the year following the calendar year in which the director ceased to serve, based on the market value of the Common Shares on the date of the payment. All amounts outstanding relate to former directors.

- (g) On October 18, 2005, the Corporation commenced an action against certain of its former directors to recover excessive remuneration and severance payments. On February 26, 2007, these matters were settled (see note 13(l)).
- (h) The Corporation has received a demand for \$4.0 million from Catalyst for costs relating to professional fees and disbursements incurred by Catalyst in connection with the court-imposed inspection of the Corporation and litigation to which the Corporation and Catalyst were parties. Catalyst is related to the Corporation by virtue of its shareholdings in the Corporation and because Newton Glassman is the President of The Catalyst Capital Group Inc. and a former director of the Corporation. No such costs have been paid. The Corporation has accrued the full amount of this demand in these consolidated financial statements. At this time, the Corporation has not agreed to pay these costs and the Corporation's board of directors is considering this demand.

Other Related Party Transactions

- (i) Effective December 23, 2003, the Corporation entered into a consulting agreement with Peter G. White Management Ltd. ("PGWML"), a corporation controlled by Peter G. White ("White"), a director and executive officer of the Corporation until June 8, 2005. The consulting agreement, which provided that White render various services to the Corporation, was terminated effective May 31, 2005. In connection with services provided under the consulting agreement, PGWML received \$75,000 per month. The following amounts were incurred in respect of such services and are included in general and administrative expenses:

Year ended March 31, 2007	Nil
Three months ended March 31, 2006	Nil
Year ended December 31, 2005	\$397

- (j) RCL and RMI used the Corporation's offices at 10 Toronto St., Toronto, Ontario until May 31, 2005 and paid no rent during the five months ended May 31, 2005.
- (k) Certain employees of the Corporation provided services to RCL, RMI and Argus Corporation Limited ("Argus"), a parent company, until May 31, 2005.

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Certain employees of the Corporation are former employees of RMI. Employment contracts for these employees were transferred to the Corporation effective January 1, 2004. The employees retained all seniority, pension benefits and other entitlements earned while at RMI and remain beneficiaries under an existing pension plan. The pension plan is now under the control of Morneau Sobeco Limited Partnership ("Morneau Sobeco") as administrator appointed by the Financial Services Commission of Ontario. The Corporation is unable to determine and no agreement has been made between RCL, RMI and the Corporation as to their respective legal obligations in respect of a defined benefit pension plan sponsored by RCL (the "RCL Plan") (see note 13(r) and 20(c)).

- (l) On February 7, 2006, the Ontario Superior Court of Justice approved an agreement between 10 Toronto Street Inc. ("TSI"), a wholly-owned subsidiary of the Corporation, and the Ravelston Receiver. The agreement amends an agreement entered into between TSI and Argus made as of June 30, 1986 granting Argus an option to purchase and a right of first refusal with respect to the real property located at 10 Toronto Street. The agreement provided for the early expiration of the option and the termination of the right of first refusal in exchange for a commitment to pay a minimum of \$750,000 and possible additional consideration upon the sale of the property (see note 20(e)). All payments required under this agreement have been made.
- (m) On January 16, 2007, the Corporation announced that Randall C. Benson ("Benson") would be stepping down as Chief Restructuring Officer ("CRO") of the Corporation after a short transition period, following which G. Wesley Voorheis ("Voorheis"), a director of the Corporation and chairman of the Litigation Committee, would be appointed Chief Executive Officer. Pursuant to the Advisory Agreement Memorandum of Agreement ("Advisory Agreement MOA"), Benson ceased to serve as the CRO of the Corporation on March 7, 2007 and at such time the advisory agreement effective as of July 15, 2005 (the "Advisory Agreement") pursuant to which the CRO services were provided terminated. The Advisory Agreement MOA also provided that in consideration of the services rendered and milestones achieved pursuant to the terms of the Advisory Agreement, the Corporation will pay to 1379074 Ontario Ltd. ("Benson Consulting") the amount of \$1 million. All payments required under the Advisory Agreement MOA have been made. Effective as of April 16, 2007, Voorheis assumed the role of CEO as further described in note 20(i) below.

On January 15, 2007, the Corporation and VC & Co. Incorporated ("VC&Co."), a corporation controlled by Voorheis, entered into an engagement agreement (the "Voorheis Engagement Agreement"), pursuant to which Voorheis agreed to act as senior executive of the Corporation subject to the satisfaction of certain conditions (see note 20(i)).

During the year, the Corporation paid \$180,000 to Voorheis & Co. LLP, an advisory firm founded by and related to Voorheis.

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4. MORTGAGES RECEIVABLE

	March 31, <u>2007</u>	March 31, <u>2006</u>	December 31, <u>2005</u>
Mortgages receivable	\$ 11,445	\$ 2,949	\$ 2,909

- (a) In June 2002, the Corporation entered into an agreement for the sale of a property at 1050 The Queensway, Toronto, Ontario. The transaction closed on August 27, 2004. The sale price was \$3.6 million, of which \$0.9 million was received in cash on closing and \$2.7 million was satisfied by a vendor take-back mortgage due on August 26, 2007. Interest on the mortgage is calculated quarterly at the Bank of Nova Scotia prime rate, as set from time to time, and is payable in full on August 26, 2007.

The purchaser is developing a condominium project on the property. The mortgage is secured by the property but is subordinated to financing obtained by the purchaser subsequent to the transaction for the development of the condominium project. The Corporation is entitled to an additional payment on August 26, 2007 of \$3,000 per condominium unit sold, which may result in a maximum additional payment of \$0.9 million to the Corporation. The Corporation has not recorded this contingent receipt in its accounts.

- (b) On October 31, 2006, Domgroup sold real property located at 3087-3101 Dufferin Street and 770 Lawrence Avenue West, Toronto, Ontario for \$19.6 million. Pursuant to the sale, Domgroup received proceeds consisting of cash of \$9.8 million and a vendor take-back mortgage for the balance. The mortgage is interest-free for the period from October 31, 2006 to October 31, 2008, and thereafter earns interest at 4.95%, calculated and payable quarterly. The whole of the principal sum of \$9.8 million is due on October 31, 2009 with interest receivable on the last day of each of January, April, July and October 2009, the first payment of which becomes due on January 31, 2009. The carrying value of the mortgage is \$8.3 million (see note 20(g)).

HOLLINGER INC.

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(Tabular amounts are in thousands of dollars except where noted)

5. INVESTMENTS

		March 31, 2007		March 31, 2006		December 31, 2005	
		No. of		No. of		No. of	
		Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount
Sun-Times (a)	Class A shares	782,923	\$ 4,423	782,923	\$ 7,647	782,923	\$ 8,168
	Class B shares	14,990,000	84,689	14,990,000	146,420	14,990,000	156,377
		15,772,923	89,112	15,772,923	154,067	15,772,923	164,545
Hollinger Canadian Newspapers LP		-	-	-	-	150,000	45
Cayman Free Press Ltd. (b)							
	Common shares – 39.99% interest		-		-		-
Other			62		45		35
			<u>\$ 89,174</u>		<u>\$ 154,112</u>		<u>\$ 164,625</u>

(a) Sun-Times Class A and Class B shares

The Corporation's principal asset is its interest in Sun-Times. On March 31, 2007 the Corporation owned, directly or indirectly, approximately 19.7% of the equity interest and 70.0% of the voting interest in Sun-Times. (17.4% and 66.8% at both March 31, 2006 and December 31, 2005.)

The Sun-Times Class A shares are listed on the New York Stock Exchange (symbol: SVN) and the Sun-Times Class B shares are not publicly listed. The two classes have identical rights with respect to cash dividends and in any sale or liquidation, but different voting rights. On all matters where the two classes vote together as a single class, including the election of Sun-Times directors, each Sun-Times Class A share is entitled to one vote and each Sun-Times Class B share is entitled to ten votes. Sun-Times Class B shares are convertible at any time at the option of the holder into Sun-Times Class A shares on a share-for-share basis. If the Corporation transfers the Sun-Times Class B shares, other than by way of a Permitted Transaction as defined in the corporate articles of Sun-Times, the Sun-Times Class B shares are automatically converted on a share-for-share basis into Sun-Times Class A shares.

At each of the reporting dates, the investment in the Sun-Times Class A shares and Sun-Times Class B shares is stated at fair value based on the quoted market price of the Sun-Times Class A shares, without regard to any potential premiums associated with the Sun-Times Class B shares.

The Corporation has obtained a report from an independent third party with respect to actual premiums realized by private and public companies in sale transactions involving multiple voting rights in the past five calendar years and actual market premiums, if any, where both classes of shares were listed and traded over the past five calendar years. The report indicates that multiple voting right shares have realized an observed value of 0% to 26% above the trading value of non-multiple voting shares.

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For the purposes of its consolidated financial statements only, the Corporation has assigned no additional value to these multiple voting rights. The amounts at which the investment in Sun-Times shares could be sold at any given time may differ from the fair value based on quoted market values.

As at March 31, 2007, March 31, 2006 and December 31, 2005, an escrow agent held 782,923 Sun-Times Class A shares owned by the Corporation (equivalent to 1,701,995 Series II preference shares exchangeable at 0.46 of a Sun-Times Class A share) in support of exchange requests made by holders of Series II preference shares. The 14,990,000 Sun-Times Class B shares owned by the Corporation at these dates are pledged as security for the Notes which were held by U.S. Bank, National Association, formerly Wachovia Trust Company, National Association, as trustee.

The Corporation has recorded an unrealized loss of \$65 million in the consolidated statement of operations for the year ended March 31, 2007 (\$10 million and \$132 million for the three months ended March 31, 2006 and the year ended December 31, 2005, respectively), relating to the decrease in the fair value of its investment in Sun-Times based on the last bid price of a Sun-Times Class A share at each reporting date.

On October 18, 2006, Sun-Times issued a press release titled "Sun-Times Media Group Provides Outlook For 2006 Third Quarter Performance". The release states that "[Sun-Times] expects that the weakness in the Chicago newspaper advertising market that [Sun-Times] experienced during the first two quarters of 2006 continued and accelerated through the third quarter". As a result, the release states, "... [Sun-Times] Board of Directors and management are considering a range of options to address the resulting significant shortfall in performance and cash flow, including a review of [Sun-Times'] dividend policy". On December 13, 2006, Sun-Times announced that its board of directors had voted to suspend Sun-Times' quarterly dividend. Dividends have not been re-instated.

On February 14, 2007, the Corporation filed a Schedule 13D with the United States Securities and Exchange Commission in respect of its shareholdings in Sun-Times. The Schedule 13D filing states in part:

[The Corporation is] considering proposing changes to the Board of Directors of [Sun-Times] (other than with respect to the Special Committee of the Board of Directors), including nominating one or more members to the Board of Directors of [Sun-Times] and voting all of [its] shares of Class A Common Stock and Class B Common Stock in favour of such nominee or nominees. As of the date hereof, none of the current members of the Board of Directors of [Sun-Times] were nominated by [the Corporation].

On an on-going basis, [the Corporation] expect[s] to consider and evaluate the alternatives available with respect to [its] investment in [Sun-Times] to enhance and maximize value for all shareholders and other stakeholders of [the Corporation] (which alternatives may include proposing changes to the Board of Directors of [Sun-Times] (other than with respect to the Special Committee of the Board of Directors) and seeking representation on the Board of Directors of [Sun-Times]. [The Corporation has] in the past engaged, and may from time-to-time in the future, engage in discussions with the management and other representatives of [Sun-Times], as well as other shareholders of [Sun-Times], regarding [Sun-Times'] business and operations, [Sun-Times'] strategic plan and other matters.

See note 20(h) for further information in this regard subsequent to the year end.

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(b) *Investment in Cayman Free Press Limited*

The Corporation, through its wholly-owned subsidiary, Holcay Holdings Ltd, owns 39.99% of Cayman Free Press Ltd. ("CFP"), a corporation organized under the laws of the Cayman Islands. The Corporation recorded a provision for full impairment of \$11.3 million as at January 1, 2003. The Corporation is pursuing efforts to sell this investment. No definitive indication is yet available as to the potential results of such efforts.

6. ASSETS HELD FOR SALE

	March 31, <u>2007</u>	March 31, <u>2006</u>	December 31, <u>2005</u>
Assets held for sale	\$ 7,210	\$ 8,959	\$ -

- (a) During the three months ended March 31, 2006, the Corporation authorized the listing for sale of the majority of its real property holdings, including its premises at 10 Toronto Street, and entered into formal listing agreements with a commercial real estate agency. The book value of such properties has been reclassified as "held-for-sale" and included as a current asset in the consolidated balance sheet as at March 31, 2007 and March 31, 2006.
- (b) In December 2006, TSI entered into an agreement of purchase and sale under which the property at 10 Toronto Street, the Corporation's Toronto corporate office, was sold for \$14 million on May 8, 2007 (see note 20(e)).
- (c) On January 31, 2007, Domgroup sold its real property located at 280 Hurontario Street, Collingwood, Ontario for a sale price of \$2.8 million to Charis Developments Ltd.

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7. PROPERTY AND EQUIPMENT

	March 31, 2007	March 31, 2006	December 31, 2005
Cost			
Land	\$ 352	\$ 463	\$ 6,044
Buildings and leasehold interests	206	138	5,842
Office equipment and other	5,132	5,027	5,152
	<u>5,690</u>	<u>5,628</u>	<u>17,038</u>
Accumulated amortization			
Buildings and leasehold interests	148	139	2,590
Office equipment and other	4,166	3,901	4,015
	<u>4,314</u>	<u>4,040</u>	<u>6,605</u>
Net book value	<u>\$ 1,376</u>	<u>\$ 1,588</u>	<u>\$ 10,433</u>

8. INCOME TAXES

Income tax expense (recovery) consists of:

	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Current	\$ (1,176)	\$ (184)	\$ 881
Future	(12,271)	(2,461)	(24,934)
	<u>\$ (13,447)</u>	<u>\$ (2,645)</u>	<u>\$ (24,053)</u>

The income tax expense (recovery) in the consolidated statements of operations varies from the amount that would be computed by applying the basic federal and provincial income tax rates to loss before income taxes as shown in the following table:

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Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

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	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Loss before income taxes	\$ (98,635)	\$ (20,202)	\$ (116,286)
Basic income tax rate	36.12 %	36.12 %	36.12 %
Computed income tax recovery	(35,627)	(7,297)	(42,003)
Decrease (increase) in income tax recovery resulting from:			
Tax gain in excess of (less than) book gain	(11,681)	1,898	23,792
Large corporations and withholding taxes	465	46	3,207
Change in valuation allowance	21,122	3,306	11,323
Permanent differences	16,377	(723)	(23,399)
Capital gains refund	(228)	-	-
Other	(3,875)	125	3,027
Income tax recovery	\$ (13,447)	\$ (2,645)	\$ (24,053)
Effective tax rate	13.63%	13.09%	20.68%

The Corporation and its subsidiaries have operating loss carry forwards for tax purposes of approximately \$202.2 million as at March 31, 2007. Of this amount, the Corporation has determined that it is more likely than not that it will utilize losses aggregating \$5.8 million. Accordingly, a future tax asset has been recorded relating to this amount. A valuation allowance has been recorded for the remainder of the operating losses. The operating losses carried forward for that purpose expire as follows:

	Operating Loss For Which Tax Benefit Is		
	Recorded	Not Recorded	Total
2008	\$ -	\$ 9,746	\$ 9,746
2009	420	9,953	10,373
2010	-	34,989	34,989
2011	1,168	1,287	2,455
2012	3,792	63,611	67,403
Thereafter	454	76,757	77,211
	\$ 5,834	\$ 196,343	\$ 202,177

At March 31, 2007, the Corporation and its subsidiaries have capital losses available of \$4.6 million, which have no expiry date. The Corporation has recognized the \$500,000 of the benefit relating to these losses as it considers that it is more likely than not that the benefit will be realized.

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The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Future income tax assets			
Net operating loss carry forwards	\$ 72,441	\$ 39,090	\$ 34,740
Capital loss carry forwards	4,157	5,311	5,311
Compensation and post-retirement benefits	3,408	3,585	3,626
Investments	111	111	111
Other	8,603	4,839	4,846
Gross future income tax assets	88,720	52,936	48,634
Valuation allowance	(77,869)	(41,925)	(38,620)
Future income tax assets, net of valuation allowance	\$ 10,851	\$ 11,011	\$ 10,014
Future income tax liabilities			
Property and equipment	\$ 11	\$ 107	\$ 211
Investments	10,420	22,110	24,008
Other	3,158	3,803	3,265
Future income tax liabilities	\$ 13,589	\$ 26,020	\$ 27,484

9. RETRACTABLE SERIES II PREFERENCE SHARES

The continuity of the shares is as follows:

	Number of shares	Amount
Balance, December 31, 2004	1,701,995	\$ 14,717
Unrealized gain	-	(6,550)
Balance, December 31, 2005	1,701,995	8,167
Unrealized gain	-	(520)
Balance, March 31, 2006	1,701,995	7,647
Unrealized gain	-	(3,224)
Balance, March 31, 2007	1,701,995	\$ 4,423

The Series II preference shares, first issued in 1997 at \$10 per share, are exchangeable, non-voting preference shares. On May 12, 1999, the Series II preference shares became redeemable at the holder's option for 0.46 of a Sun-Times Class A share held by the Corporation for each Series II preference share. The Corporation has the option of making a cash payment of equivalent value on the redemption of the Series II preference shares. Because the Series II preference shares were recorded as a financial liability

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when they became redeemable for Sun-Times Class A shares, the Corporation measures the obligation based on the fair value of the Sun-Times Class A shares until the financial liability is removed from the balance sheet.

In certain circumstances, the Corporation may satisfy its obligation to deliver Sun-Times Class A shares on a retraction of Series II preference shares by delivering Sun-Times Class A shares that are subject to restrictions on resale in accordance with applicable securities laws.

As at March 31, 2007, March 31, 2006 and December 31, 2005, an escrow agent held 782,923 Sun-Times Class A shares owned by the Corporation (equivalent to 1,701,995 Series II preference shares exchangeable at 0.46 of a Sun-Times Class A share) in support of exchange requests made by holders of Series II preference shares from time to time.

Each Series II preference share entitles the holder to a dividend in the amount equal to the Canadian dollar equivalent of 0.46 multiplied by any dividend on a Sun-Times Class A share (less any U.S. withholding tax thereon payable by the Corporation or any subsidiary). Such entitlements, net of 5% U.S. withholding tax, are accrued based on the ex-dividend date of the Sun-Times Class A share dividend and the amounts are included in accounts payable and accrued liabilities at each reporting date.

As at March 31, 2007, March 31, 2006 and December 31, 2005, the retraction of and the obligation to pay dividends on the Series II preference shares was restricted by the terms of the Indentures governing the Notes so long as certain events giving rise to a default have occurred and are continuing. Events of default under the Indentures include the insolvency of RMI, failure to file certain financial statements by January 1, 2006 with the SEC and, in any quarter after January 1, 2006, the failure to receive cash of US\$3.055 million from RMI or Sun-Times.

The Corporation has recorded an unrealized gain of \$3.2 million in the consolidated statements of operations for the year ended March 31, 2007 (\$520,000 for the three months ended March 31, 2006 and \$6.6 million for the year ended December 31, 2005).

10. SECURED NOTES

	March 31, 2007	March 31, 2006	December 31, 2005
Senior Notes			
11-7/8% per annum, issued March 10, 2003, due March 1, 2011. (See below – 12-7/8% effective rate per annum)	\$ 89,934	\$ 91,026	\$ 90,917
Second Priority Notes			
11-7/8% per annum, issued September 30, 2004, due March 1, 2011. (See below – 12-7/8% effective rate per annum)	17,295	17,505	17,484
	\$ 107,229	\$ 108,531	\$ 108,401

On March 10, 2003, the Corporation issued the Senior Notes with a principal value of US\$120 million. In June 2004, US\$42 million principal amount of the Senior Notes was repaid with net proceeds from the

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offering of Subscription Receipts, reducing the outstanding principal amount of Senior Notes to US\$78 million. In September 2004, the Corporation issued US\$15 million aggregate principal amount of Second Priority Notes.

The Senior Notes are secured by a first priority lien against 14,990,000 Sun-Times Class B shares owned by the Corporation. The Senior Notes are fully and unconditionally guaranteed by RMI. The Second Priority Notes are also guaranteed by RMI and are secured by a second priority lien on the collateral securing the Senior Notes (see note 5(a)).

Under the Indentures that govern both the Senior Notes and Second Priority Notes, the Corporation is subject to certain financial covenants and other restrictions. Under the terms of the Indentures, the Corporation was required to cause an exchange offer registration statement to be declared effective with the SEC under the *United States Securities Act of 1933*, as amended, within a certain period of time. As a result of this registration default, the annual interest rate on the Notes increased by $\frac{1}{2}\%$ per year to 12 $\frac{1}{2}\%$ from November 4, 2003. The annual rate increased an additional $\frac{1}{2}\%$ per year on February 2, 2004, resulting in the maximum additional interest rate of 1.0% per year over the 11 $\frac{1}{2}\%$ interest rate on the Notes until such time as the registration default is cured, whereupon the interest rate will revert to the original level. The registration of the securities has not been and is not being sought by the Corporation. After March 31, 2005, the Corporation was not in compliance with certain covenants of the Notes and, as a result, the amount payable for the Notes has been classified as a current liability on the consolidated balance sheets.

As a result of the Corporation's lateness in filing its financial statements as at and for the year ended December 31, 2003 with Canadian securities regulatory authorities, and its inability to file its 2003 Form 20-F with the SEC within the required time period, subsequent to June 30, 2004, the Corporation was not in compliance with its obligations to deliver to relevant parties such documents as required under the Indentures. This non-compliance led to a default under the Indentures. However on September 30, 2004, the Corporation sought and obtained a waiver with respect to this Event of Default. At such time, the Corporation also sought and obtained consent for a temporary suspension of the Corporation's obligation under the Indentures to furnish relevant parties with periodic and other reports under applicable U.S. federal securities laws until January 1, 2006. A consent fee equal to 3.5% of the US\$78 million of the Senior Notes outstanding at that time or \$3.5 million (US\$2.7 million) was paid and expensed as financing fees in the 2004 fiscal year financial statements. As a result of the Corporation's inability to file its financial statements by such date, the Corporation was required to pay a penalty in an amount equal to 0.50% of the principal amount of the Notes outstanding as of December 31, 2005 to the trustees under the Indentures. This amount, being \$0.5 million (US\$0.4 million), was accrued at December 31, 2005 and expensed as financing fees in the 2005 fiscal year financial statements and subsequently paid in the three-month period ending March 31, 2006.

The commencement of insolvency proceedings by RMI (see note 15(e)) caused an Event of Default (as defined in the Indentures) under the terms of the Indentures governing the Notes. As a consequence, the relevant trustee under the Indentures or the holders of at least 25% of the outstanding principal amount of the Notes have the right to accelerate the maturity of the Notes. Until such Event of Default is remedied or a waiver is provided by holders of the Notes, the terms of each Indenture also prevent the Corporation from honouring retractions of its Common Shares and Series II preference shares submitted after April 19, 2005.

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On August 1, 2005, the Corporation commenced a Change of Control Offer (as defined in the Indentures) to purchase any and all of its outstanding Notes. The offer was prompted by a filing made with applicable Canadian securities regulatory authorities by the Ravelston Receiver stating that the Ravelston Receiver had obtained possession and control of the shares of the Corporation directly or indirectly held by RCL (the "Ravelston Receiver Action").

Although it is the Corporation's position that the Ravelston Receiver Action did not result in a Change of Control, as defined by the Indentures, the Corporation decided to make the Change of Control Offer that would be required by the Indentures in that event. At the expiry of the Change of Control offer on September 6, 2005, no Notes had been tendered pursuant to the Change of Control Offer.

The Corporation has not received the minimum aggregate cash payments from RMI, Sun-Times and its subsidiaries as required under the terms of the Indentures in the year ended March 31, 2007 nor in the three months ended March 31, 2006. In the year ended December 31, 2005, the Corporation received \$62.7 million from Sun-Times. As a result, in addition to the continuing defaults and events of default of prior periods referred to above, an additional Event of Default under the Notes has occurred. During the year ended March 31, 2007, the Corporation paid \$13.6 million (US\$12.0 million) interest on the Senior Notes (\$6.8 million (US\$6.0 million) for the three months ended March 31, 2006 and \$14.0 million (US\$11.8 million) for the year ended December 31, 2005). While there are certain continuing defaults under the Senior Notes, there are no payment defaults.

11. POST-RETIREMENT BENEFITS

Defined benefit pension plans

The Corporation sponsors two defined benefit pension plans for certain former employees related to the Corporation's prior ownership of Willett Foods. Both plans are fully funded and no employer contributions are currently required to be made to these plans. All participants are vested or are in receipt of pension payments and there are no participants currently accruing benefits. While the plans are in fully funded status, the Corporation has not recorded an asset in these financial statements as the Corporation's right to use of any surplus on plan termination is unclear.

The weighted average discount rate used in determining these accumulated post-retirement benefit obligations for the Retirement Income Plan for Key Personnel and Other Non-Union Employees of Old WFL was 4.9% for 2007, 5.00% for 2006 and 4.75% for 2005.

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(Tabular amounts are in thousands of dollars except where noted)

The following continuity schedules summarize the defined benefit plans' activity for the periods presented:

(i) The Retirement Income Plan for Key Personnel and Other Non-Union Employees of Old WFL

	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Benefit obligation			
Obligation, beginning of period	\$ 319	\$ 374	\$ 434
Interest cost	16	4	20
Actuarial (gains) losses	5	(12)	35
Benefits paid	(41)	(47)	(115)
Obligation, end of period	\$ 299	\$ 319	\$ 374
Plan assets			
Fair value of plan assets, beginning of period	\$ 843	\$ 897	\$1,008
Actual return on plan assets	(18)	(7)	4
Benefits paid	(41)	(47)	(115)
Fair value of plan assets, end of period	\$ 784	\$ 843	\$ 897
Funded Status			
Benefit obligation, end of period	\$ (299)	\$ (319)	\$ (374)
Fair value of plan assets, end of period	784	843	897
Funded status - Surplus	485	524	523
Valuation allowance	(485)	(524)	(523)
Accrued benefit asset, net of valuation allowance	\$ -	\$ -	\$ -

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(ii) The Retirement Pension Plan for Old WFL

	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Benefit obligation			
Obligation, beginning of period	\$ 783	\$ 828	\$ 833
Interest cost	37	9	43
Actuarial (gains) losses	7	(17)	48
Benefits paid	(100)	(37)	(96)
Obligation, end of period	\$ 727	\$ 783	\$ 828
Plan assets			
Fair value of plan assets, beginning of period	\$ 865	\$ 909	\$ 1,007
Actual return on plan assets	(8)	(7)	(2)
Benefits paid	(100)	(37)	(96)
Fair value of plan assets, end of period	\$ 757	\$ 865	\$ 909
Funded Status			
Benefit obligation, end of period	\$ (727)	\$ (783)	\$ (828)
Fair value of plan assets, end of period	757	865	909
Funded status - Surplus	30	82	81
			(81)
Valuation allowance	(30)	(82)	
Accrued benefit asset, net of valuation allowance	\$ -	\$ -	\$ -

Health and welfare benefits and supplementary retiree payments

Certain of the Corporation's subsidiaries provide post-retirement, health and welfare, and supplementary retirement benefits to certain employees and former employees, principally related to the Corporation's prior ownership of Dominion Stores Limited.

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The components of these (benefits) costs for the periods presented are as follows:

	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Interest cost	\$ 493	\$ 125	\$ 541
Amortization of (gains) losses	-	(193)	461
Net period post-retirement cost (benefit)	\$ 493	\$ (68)	\$ 1,002

The table below sets forth the reconciliation of these obligations for the periods presented.

	Year ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2005
Obligations, beginning of period	\$ 9,837	\$ 10,082	\$ 9,846
Interest cost	493	125	541
Actuarial (gains) losses	-	(193)	461
Benefits paid	(894)	(177)	(766)
Obligations, end of period	\$ 9,436	\$ 9,837	\$ 10,082

There were no assets held in support of these obligations at the end of each reporting period.

The weighted average discount rate used in determining these accumulated post-retirement benefit obligations was 5.25% for 2007, 5.25% for 2006 and 5.00% for 2005.

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. If the health care cost trend rate increased by 1%, the accumulated post-retirement benefit obligation in this regard as of March 31, 2007, March 31, 2006 and December 31, 2005 would have increased by \$557,000, \$577,000 and \$590,000, respectively. The effect of this change on the aggregate of service and interest cost for the 2007, 2006 and 2005 fiscal periods would have been an increase of \$30,000, \$8,000 and \$34,000, respectively. If the health care cost trend rate decreased by 1%, the accumulated post-retirement benefit obligation in this regard as of March 31, 2007, March 31, 2006 and December 31, 2005 would have decreased by \$489,000, \$507,000 and \$519,000, respectively. The effect of this change on the aggregate of service and interest cost for the 2007, 2006 and 2005 fiscal periods would have been a decrease of \$27,000, \$7,000 and \$30,000, respectively.

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12. CAPITAL STOCK

	March 31, 2007	March 31, 2006	December 31, 2005
Authorized			
Unlimited number of retractable common shares and an unlimited number of preference shares			
Issued and fully paid			
Series II preference shares (Classified as liability – see note 10)			
1,701,995 issued and outstanding	\$ -	\$ -	\$ -
Retractable common shares			
34,945,776 issued and outstanding	347,463	347,463	347,463
less: Common Shares submitted for retraction 153,949 (2006 and 2005 – 154,057)	(1,531)	(1,531)	(1,531)
	<u>\$ 345,932</u>	<u>\$ 345,932</u>	<u>\$ 345,932</u>

The Common Shares are retractable at any time by the holder for their retraction price, which is fixed from time to time, in exchange for Sun-Times Class A shares of equivalent value or, at the Corporation's option, cash. The retraction price determined each quarter (or, in certain specific cases more frequently) is between 90% and 100% of the Corporation's current value, being the aggregate fair market value of all of its assets less the aggregate of (i) the maximum amount payable at such date by the Corporation on its liquidation, dissolution or winding-up in respect of any outstanding preference shares, and (ii) its liabilities, including any tax liabilities that would arise on a sale by Sun-Times of all or substantially all of its assets, which, in the opinion of the Corporation's board of directors, would not be refundable at such date, divided by the number of Common Shares outstanding on such date.

Dividends on the Series II preference shares are not paid until declared by the Corporation's board of directors. Under applicable corporate law, the Corporation cannot redeem shares or declare or pay dividends in certain circumstances, including if there are reasonable grounds for believing that the Corporation is, or would after such payment be, unable to pay its liabilities as they become due. The Corporation is currently prevented from honouring retractions of its Common Shares and Series II preference shares as a consequence of the Corporation being in default under the terms of the Indentures governing the Notes. As of March 31, 2007, March 31, 2006 and December 31, 2005, there were retraction notices, net of subsequent withdrawals and cancellations, from holders of 153,738 Common Shares at a retraction price of \$9.00 per share and 211 Common Shares at a retraction price of \$7.25 per share, which cannot be completed at the present time. The value of the retraction notices outstanding at each reporting date has been included in accounts payable and accrued liabilities in these consolidated balance sheets.

13. CONTINGENCIES AND LEGAL MATTERS

The Corporation has been named as defendant, co-defendant or respondent in a number of legal proceedings and claims. All claims made against the Corporation are being or will be defended. Except as otherwise stated, no provisions have been made for any potential liability under these proceedings as

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management has determined that the likelihood and amount of loss are not determinable. The following proceedings have been initiated against or by the Corporation (see also note 15 below):

- (a) There are two outstanding claims by Burnac Leaseholds Limited ("Burnac") and its affiliate, Crystalline Investments Limited ("Crystalline"), against Domgroup for arrears of rent and continuing rent relating to two properties that Dominion Stores Limited leased from these companies. The plaintiffs seek to hold Domgroup responsible for rent in relation to time periods after the leases were assigned to a third party.

In 1997, lawsuits were commenced by Crystalline and Burnac claiming just over \$500,000. The plaintiffs filed pre-trial briefs with the Court in 2000, in which they claimed damages of \$2.6 million plus interest and costs. In 2001, the Ontario Superior Court of Justice dismissed the claims and in 2002 an appeal from this decision by the plaintiffs was allowed. Domgroup sought leave to appeal to the Supreme Court of Canada, which dismissed the appeal, but did not make any determination in respect of Domgroup's contention that the leases were surrendered by the actions of the landlords. There has been no activity during the current year in this litigation.

- (b) The Corporation is co-insured on an insurance policy against which Sun-Times has made a claim for defence of the cases arising out of the *Chicago Sun-Times* circulation inflation allegations. On October 5, 2004, Sun-Times announced the overstatement of circulation figures for the *Chicago Sun-Times*, as reported in the circulation reports issued by the Audit Bureau of Circulations commencing in 1998. As a result, lawsuits have been commenced by various parties for alleged damages resulting from such overstatement against Sun-Times. Sun-Times and the Corporation are named co-insured for such losses under an insurance policy with Employers Reinsurance Corp. ("ERC"). ERC has commenced a complaint for declaratory judgment against Sun-Times and the Corporation. The Corporation has not yet been served with the complaint.

- (c) On January 16, 2004, the SEC filed a complaint for civil injunctive relief in the U.S. District Court for the Northern District of Illinois against Sun-Times, alleging, among other things, violations of securities laws for failure to disclose material information in required financial statements and altering books and records. The Corporation was granted intervenor status on May 17, 2004. A consent judgment was entered by the Court on January 16, 2004, which restricts the Corporation's voting rights by providing for the appointment of a special monitor (the "Special Monitor") if any Sun-Times director is either: (a) not re-nominated or re-elected at the expiration of his or her term; (b) elected without the support of at least 80% of the incumbent directors; or (c) removed prior to the end of his or her term. The consent judgment is still in effect. The Special Monitor provision was triggered in January 2006, when two nominees of the Corporation were elected to Sun-Times' board of directors. Those nominees are no longer on Sun-Times' board of directors, but the Special Monitor remains in place. Please refer to note 20(h) for a further update.

- (d) On February 10, 2004, Sun-Times commenced an action in the Ontario Superior Court of Justice against the Corporation, RCL and RMI for access to and possession of all of Sun-Times' property in possession of the Corporation, RCL and RMI maintained at 10 Toronto Street. The parties negotiated and executed a protocol dated March 25, 2004 providing for access and possession by Sun-Times to the claimed property. On March 5, 2004, a Statement

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of Defence and Counterclaim was issued by RCL and RMI against Sun-Times and two of its subsidiaries, seeking damages in the amount of approximately US\$174.3 million for alleged breaches of the services agreements between the parties and for alleged unjust enrichment and tortious interference with economic relations. On March 10, 2004, the Corporation filed a Statement of Defence and a Counterclaim against Sun-Times for \$300 million, claiming that by refusing to pay its obligations under its services agreement with RCL, Sun-Times intended to cause RMI to default in its obligations to the Corporation under the March 10, 2003 Support Agreement between RMI and the Corporation, and intended to cause the Corporation to default on its obligations under its outstanding Notes. On August 11, 2004, Mr. Justice Farley granted a motion by Sun-Times to stay the counter-claims pending the conclusion of Sun-Times' action against the Corporation and others in the United States. An appeal by RCL and RMI of Justice Farley's order was dismissed.

- (e) Class actions have been initiated against the Corporation and others in the United States and Canada alleging, among other things, that the Corporation and others failed to disclose the transfer of millions of dollars of Sun-Times' funds to others, falsified Sun-Times' financial results and materially misrepresented Sun-Times' sales of assets and its dealings with related parties. Specifically:
 - (i) In February and April 2004, shareholders of Sun-Times initiated three separate class action suits in the United States District Court for the Northern District of Illinois against Black, various entities controlled directly or indirectly by Black, including the Corporation, Sun-Times, RCL and certain affiliated entities, and others. On July 9, 2004, the District Court consolidated the three actions for pre-trial purposes. The complainants assert claims under federal and Illinois securities laws, as well as various common law claims, including fraud, breach of fiduciary duty and aiding and abetting the breaches of fiduciary duty. The complainants seek unspecified money damages, rescission, and an injunction against future breaches. All defendants have brought motions to dismiss the actions and are awaiting a ruling. In the meantime, discovery is stayed.
 - (ii) On September 7, 2004, a group of Sun-Times shareholders initiated class proceedings in the Saskatchewan Court of Queen's Bench. The defendants include Black, Sun-Times, certain current and former directors and officers of Sun-Times, the Corporation, RCL and certain affiliated entities, and others. The representative plaintiffs allege, among other things, deceit, breach of fiduciary duty, unjust enrichment, misrepresentation and negligence, and seek unspecified monetary damages. The litigation in Saskatchewan has been stayed until September 15, 2007. On September 7, 2004, the plaintiffs commenced similar class proceedings in the Ontario Superior Court of Justice. On February 3, 2005, the plaintiffs initiated a similar class action in the Quebec Superior Court. The plaintiffs allege, among other things, breaches of fiduciary duty and breaches of obligations under the *Canada Business Corporations Act* ("CBCA").
- (f) On September 3, 2004, upon the application of Catalyst, the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice ordered the appointment of an inspector over the affairs of the Corporation pursuant to section 229 of the CBCA. By further Order dated October 27, 2004, Ernst & Young Inc. was named inspector (the "Inspector"). The Orders require the Inspector to conduct an investigation into the affairs of the Corporation and specifically into related party transactions and non-competition payments in the period from

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January 1, 1997 to and including December 2004 (the "Inspection"). The Inspector provided certain interim reports to the Court and filed a comprehensive report with the Ontario Superior Court of Justice on November 14, 2005. This amount has been included in expenses in 2004. While the Inspection has been largely inactive since November 2005, it has not been terminated. Certain Orders were issued to facilitate the sale of the real property at 10 Toronto Street.

- (g) On November 15, 2004, the SEC filed an action in the United States District Court for the Northern District of Illinois against Black, Radler and the Corporation seeking injunctive, monetary and other equitable relief (the "SEC Action").

The SEC's allegations against the Corporation include that: (i) the Corporation allegedly made material misstatements and omissions in its responses to Sun-Times' 1999 and 2000 proxy questionnaires and in the Corporation's 2001 and 2002 Form 20-F, Form 40-F and proxy statement filings with the SEC concerning US\$16.55 million in payments it allegedly fraudulently received in connection with non-compete agreements associated with certain sales transactions; (ii) the Corporation allegedly failed to file its 2003 Form 20-F; (iii) the Corporation knew or was reckless in not knowing that Sun-Times' filings with the SEC were false and misleading because Sun-Times failed to disclose the non-compete payments made to the Corporation; (iv) the Corporation is liable for Sun-Times' alleged violations of certain federal securities laws during this period as a result of the Corporation's alleged failure to disclose properly the non-compete payments it received; and (v) the Corporation allegedly falsified or caused to be falsified books, records and accounts subject to federal securities laws and allegedly circumvented or failed to implement a system of internal accounting controls.

The SEC Action seeks the following relief as against the Corporation: (i) disgorgement of alleged ill-gotten gains by the Corporation and unspecified civil penalties; (ii) a voting trust upon the shares of Sun-Times held by the Corporation; and (iii) an order enjoining the Corporation from further violations of federal securities laws. A status hearing is scheduled for September 19, 2007. The SEC Action is stayed until the conclusion of the criminal proceedings against Black and others in Illinois.

- (h) The Corporation is named as a co-defendant in a complaint filed in the U.S. District Court for the Northern District of Illinois by Sun-Times claiming damages and recovery for, among other things, alleged breaches of fiduciary duty relating to alleged improper management fees, sales and transfers of assets, non-competition payments and other payments (the "Second Amended Complaint"). Sun-Times is seeking damages from all defendants of US\$542 million, including pre-judgment interest of US\$117 million. Repayment has previously been made of certain non-compete payments (see note 3(e) above). On December 13, 2004, all defendants filed motions to dismiss the Second Amended Complaint. These motions were denied, and all parties have answered the Second Amended Complaint. In February 2006, the magistrate judge, to whom the case was assigned for discovery issues and all non-dispositive pretrial motions, granted the U.S. Attorney's Office's motion to stay discovery in the case until the conclusion of the criminal proceedings against Black and others. On June 20, 2007, the magistrate judge partially lifted the discovery stay to allow Sun-Times and the Corporation to take discovery from each other and certain third parties on the Corporation's counterclaim. In addition, on July 6, 2006, the Corporation filed a motion for leave to file a counterclaim against Sun-Times. The motion was granted but Sun-Times has appealed the ruling and has separately

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moved to dismiss the counterclaim. The parties are awaiting a ruling in respect of both of these matters.

- (i) By Statement of Claim issued on January 14, 2005, Stockgroup Information Systems Inc. and Stockgroup Media Inc. (collectively, "Stockgroup") commenced an action in the Ontario Superior Court of Justice against the Corporation and others. Stockgroup claims against the defendants, jointly and severally, damages in the amount of approximately \$0.5 million for reimbursement of prepaid advertising expenses. The action against the Corporation was dismissed by order of the Court dated May 15, 2007.

- (j) On March 4, 2005, the Corporation commenced an application in the Ontario Superior Court of Justice against American Home Assurance Company ("American Home"), Chubb Insurance Company of Canada ("Chubb"), Royal & Sun Alliance Insurance Company of Canada, ACE INA Insurance Company, Zurich Insurance Company of Canada, AXA Canada, Temple Insurance Company, Continental Casualty Company, Lloyd's Underwriters and Gerling Global Canada (the "Insurers"). The relief sought included both an order requiring the Insurers to indemnify the Corporation under the insurance policies issued by them to the Corporation in respect of certain legal expenses incurred in the defence of various actions and an injunction to restrain American Home and Chubb from paying out the limits of their respective policies (collectively US\$50 million) to fund a settlement of certain claims against the independent directors of Sun-Times advanced by Cardinal Value Equity Partners ("Cardinal") in a derivative action commenced by Cardinal in the Delaware Court of Chancery.

The settlement by the Insurers was approved by the Ontario Superior Court of Justice, following which it was approved by the Delaware Court of Chancery on or about November 13, 2006. The Corporation then pursued its claims for indemnification in respect of legal expenses against the remaining excess insurers. On or about March 22, 2007, Justice Campbell of the Ontario Superior Court of Justice ruled that the Corporation's application for payment of its legal expense was premature. The Corporation is appealing this decision to the Court of Appeal for Ontario. It is anticipated that the appeal will be heard in or around December 2007.

- (k) On March 18, 2005, the Corporation received a Notice of Hearing and Statement of Allegations issued by staff of the OSC in respect of an administrative proceeding against the Corporation and others. The allegations in the Notice of Hearing relate to the period between 1998 and 2002, except for those that relate to the Corporation's inability to file financial statements. The Notice of Hearing states that the OSC will consider making an order requiring the Corporation and others to (i) pay an administrative penalty of not more than \$1 million for each failure by the Corporation to comply with Ontario securities law, (ii) disgorge to the OSC any amounts obtained as a result of non-compliance with Ontario securities law, and (iii) pay the costs of the OSC's investigation and any proceeding. The Corporation filed a reply with the Secretary of the OSC disputing the allegations made in the Notice of Hearing. This hearing has been scheduled to commence mid-November 2007 and to continue into 2008.

- (l) By Notice of Motion filed October 18, 2005, the Corporation applied for directions from the Ontario Superior Court of Justice in order to commence an action against certain of its former directors of the Corporation to recover excessive remuneration. In addition, the Corporation sought to recover \$1.2 million in severance payments, to defend a further claim of \$1.8 million

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made by the former directors for alleged unpaid compensation and to recover \$6 million put in an indemnification trust for the benefit of the former directors (see note 2(c)). One of the five former directors also commenced an action against the Corporation claiming \$0.6 million in severance and indemnification of legal expenses.

Certain former directors have delivered notices for payment of legal expenses incurred in proceedings with the Corporation but the Corporation has refused to indemnify the directors. The Ontario Superior Court of Justice accepted the Corporation's position that, until such time as the Corporation's proceedings against certain former directors have been finally determined, the Corporation was not required to indemnify directors against whom allegations have been made by the Corporation that they failed to act in accordance with their statutory duties. If the Corporation was ultimately successful in its claim that certain former directors did not act in good faith with a view to the best interests of the Corporation, those directors would not be entitled to be reimbursed for the legal fees that they have incurred.

Four of the former directors (Walker, Carroll, Metcalfe and Wakefield) commenced an action against the Corporation in the Ontario Superior Court of Justice claiming \$4.0 million of management and directors' fees, which were asserted to be unpaid and owing in respect of their tenure as directors and owing in respect of time spent defending the Corporation's motion to review their compensation as directors, a further \$1.2 million in respect of departure bonuses for two of the former directors and punitive damages of \$0.5 million.

On February 26, 2007, the Corporation announced that it had entered into an agreement to settle all of its disputes with five of its former directors (Walker, Carroll, Metcalfe, Wakefield and Vale). Under the terms of the settlement, two trusts that were established by the Corporation during the tenure of the former directors holding an aggregate of \$8.2 million in cash were wound up. An aggregate of \$1.25 million was paid to the former directors in full satisfaction of all of their claims against the Corporation, including claims exceeding \$6 million for unpaid directors' fees. An additional \$700,000 was paid out of the trusts towards the legal fees and disbursements of the former directors. The balance of approximately \$6 million was returned to the Corporation. All legal proceedings between the parties have been formally dismissed and the parties have released each other from all claims.

- (m) On May 15, 2006, the Corporation signed a cooperation agreement with the United States Attorney for the Northern District of Illinois ("U.S. Attorney"). In this agreement, the Corporation acknowledges that the U.S. Attorney developed evidence that the Corporation "is criminally liable because one or more of [the Corporation's] former officers, directors or employees violated federal criminal law with the intent, in part, to benefit [the Corporation] in connection with the . . . fraudulent diversion of approximately [US]\$16.55 million from [Sun-Times] to [the Corporation]". The Corporation also acknowledged "that one or more of its officers, directors or employees acted illegally in connection with [the Corporation's] receipt of approximately [US] \$16.55 million in non-compete payments and that it is responsible for repayment of such money". These amounts have been repaid (see note 3(e)). The Corporation has agreed to cooperate with the U.S. Attorney in its investigation and prosecution of certain matters relating to Sun-Times, in accordance with the terms of the cooperation agreement. The U.S. Attorney has agreed not to prosecute the Corporation "for any crimes committed by its officers, directors or employees relating to the sale of various [Sun-Times] newspaper

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publishing groups in the United States between 1998 and 2000". However, the Corporation can be prosecuted if it violates the cooperation agreement.

- (n) By Amended Statement of Claim dated October 25, 2006, 783783 Alberta Ltd. c.o.b. as Vue Weekly ("Vue") commenced an action against several parties including the Corporation and Hollinger Canadian Publishing Holdings Co. ("HCPH"), in the Court of Queen's Bench of Alberta. The action centers on Vue's allegation that *SEE Magazine* ("SEE"), Vue's main competitor, was improperly deemed to be a "Canadian newspaper" for tax purposes and, therefore, obtained preferential tax treatment, when it should not have been considered to be a Canadian newspaper. It is alleged in the action that SEE is published by Great West Newspaper Group Ltd. ("Great West"), through its wholly-owned operating subsidiary Gazette Press Ltd. and that Great West is jointly owned by Jamison Newspapers Inc. and HCPH. According to the Statement of Claim, HCPH is wholly owned by Sun-Times. In the action, Vue seeks a declaration that SEE was not a "Canadian newspaper" under the *Income Tax Act* (Canada) and seeks damages from the defendants, jointly and severally, in the sum of at least \$5.0 million.
- (o) The Corporation has incurred significant legal expenses in the defence of various actions brought against it and others in both the United States and Canada. As disclosed in note 13(j), the Corporation has, in turn, advanced a claim against its directors' and officers' liability insurers asserting that, under the terms and conditions of the relevant policies, these insurers are required to indemnify the Corporation in respect of the legal expenses incurred in connection with some of the actions brought against the Corporation.
- (p) Pursuant to certain indemnification provisions of Sun-Times' Certificate of Incorporation and bylaws, Black filed suit against Sun-Times in Delaware seeking an advancement of US\$6.8 million for legal fees incurred by him in connection with lawsuits and investigations to which he was subject. Although Black entered into a court-ordered stipulation in June 2004 limiting his advancement with respect to the fees of specific law firms in these legal actions to only 50% of his legal fees, he later demanded 100% advancement for fees and disbursements of firms that Black asserted were not covered by the stipulation and filed suits against Sun-Times on these issues. Sun-Times responded to Black's complaint and included a counterclaim against Black and a third-party equitable contribution claim against the Corporation for 50% of any advancement amounts that it has paid or will in the future be required to pay to Black, Barbara Amiel-Black ("Amiel-Black") (the spouse of Black and a former director of the Corporation), David Radler or John Boulton ("Boulton") (former officers of the Corporation). Sun-Times argues that the Corporation should be required, as a matter of equity, to share Sun-Times' advancement costs because the Corporation is obligated to indemnify those same individuals.

In April 2006, Black and Sun-Times settled this dispute. The settlement calls for Sun-Times to pay \$4.4 million to Black for legal fees already incurred, 75% of future fees related to the criminal prosecution, and 50% of future fees related to certain other cases. In the settlement and dismissal of Black's claims against Sun-Times, Sun-Times explicitly reserved the right to pursue its third-party equitable contribution claim against the Corporation. In June 2006, Sun-Times filed an amended third party complaint against the Corporation for equitable contribution toward the amounts of legal fees Sun-Times has advanced and will in the future advance to Black, Boulton, Radler and Amiel-Black. On November 6, 2006, the Delaware Court of Chancery denied the Corporation's motion to dismiss the third party complaint. The case is temporarily stayed pending settlement discussions between the parties. The Corporation has

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accrued \$18.1 million with respect to such indemnities (\$8.9 million at March 31, 2006 and \$9.4 million at December 31, 2005). (See note 3(d).)

The following is a summary of other contingencies:

- (q) These consolidated financial statements include the accounts of ELR, an entity incorporated under the laws of Costa Rica, which, among other things, publishes the *La Republica* newspaper in Costa Rica. For periods prior to January 1, 2003, ELR was not consolidated in the accounts of the Corporation, although it exercised majority control (as that term is defined in the CICA Handbook) over ELR in financial statements. However, during this period, local management reported to personnel at Sun-Times. Although these financial statements include an accrual for contingent liabilities of approximately \$1 million that the Corporation is aware of to date, principally relating to income and withholding tax matters and compliance with corporate legal requirements in Costa Rica as described in note 20(a), the shares of ELR have been sold subsequent to year end. The purchaser has thereby assumed all contingent liabilities.
- (r) Certain of the employees of wholly-owned subsidiaries of the Corporation participated in the RCL Plan. Due to the status of RCL, the Superintendent of Financial Services of Ontario appointed Morneau Sobeco as the administrator of the RCL Plan. It is expected that the pension plan will be wound up. TSI employees ceased participating in the RCL Plan effective December 31, 2005. As described in note 20(d), Morneau Sobeco has asserted a claim directly against TSI.
- (s) The March 31, 2007, March 31, 2006 and December 31, 2005 balance sheets include a liability for contingencies in the amount of approximately \$4.0 million associated with issues under discussion with Canadian tax authorities. The Corporation records liabilities for known tax contingencies when, in the judgment of management, it is probable that a liability has been incurred. The Corporation's contingency reserves represent liabilities for estimated taxes, interest and penalties for the taxation years through March 31, 2007, and principally relate to certain related-party transactions that occurred prior to the 2004 taxation year. The ultimate resolution of the tax contingencies is dependent on further submissions to and discussions with the tax authorities. While management is of the view that the contingent liabilities recorded for these matters are adequate, it is not known what the financial implications of the ultimate resolution will be (see note 8).
- (t) In 2006, the Corporation received a demand for \$4.0 million from Catalyst for costs relating to professional fees and disbursements incurred by Catalyst in connection with the Inspectorship and litigation in which the Corporation and Catalyst were parties. No such costs have been paid. At March 31, 2007, \$4.0 million has been accrued (\$4.0 million at March 31, 2006 and \$3.5 million at December 31, 2005). At this time, the Corporation has not agreed to pay these costs and the Corporation's board of directors is considering this demand.
- (u) There was no directors' and officers' liability insurance from July 2004 to the end of June 2005. Notwithstanding the settlement described in note 13(p), the Corporation's indemnity obligations to directors and officers serving during this period continue in full force and effect.
- (v) The Corporation is also currently subject to litigation in the ordinary course of business. In the opinion of management, any liability in respect of such litigation will not have a material adverse

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effect on the Corporation's financial condition. In the opinion of management, there can be no certainty that additional, potentially material, new litigation will not arise.

- (w) Although the Corporation has accrued or disclosed, where appropriate, all contingent liabilities that the Corporation is aware of to date, there could be claims or counterclaims asserted in the future based on the past actions of the Corporation or its former directors or officers. As a result, additional, potentially material, claims may still arise.

14. GUARANTEES AND COMMITMENTS

Secured Notes

In connection with the issuance of the Notes, the Corporation has agreed to indemnify the initial purchaser of the Notes against any losses or damages resulting from inaccuracy of financial statements, taxes and compliance with securities legislation. The Corporation also agreed to indemnify the initial purchasers of the Notes against any related tax liabilities arising from payments made with respect to the Notes, except taxes on a Noteholder's income. These indemnities generally extend for the term of the Notes and do not provide for any limit on the maximum potential liability.

The Corporation is unable to estimate the maximum potential liability for these types of indemnities, as the amounts are dependent upon future contingent events, the nature and likelihood of which cannot be determined at this time. No amount has been accrued in these consolidated financial statements with respect to these indemnifications.

Property Leases

A subsidiary of the Corporation has agreed to indemnify landlords under its operating leases against liabilities, damages, costs, claims and actions resulting from damaged property, violations of lease covenants and accidents or injuries occurring on the leased property.

No claims have been made to date. The Corporation is unable to estimate the maximum potential exposure for these types of indemnities as the operating leases do not specify a maximum amount and the amounts are dependent upon future contingent events, the nature and likelihood of which cannot be determined at this time.

The Corporation has operating leases relating primarily to real property leased for former Dominion Store locations. Future minimum operating lease payments are \$328,000 in 2008, \$195,000 in 2009, \$55,000 in 2010 and \$15,000 in 2011.

Dispositions

In connection with certain dispositions of assets and/or businesses, the Corporation has provided customary representations and warranties whose terms range in duration and may not be explicitly defined. The Corporation has also retained certain liabilities for events occurring prior to sale relating to tax, environmental, litigation and other matters. Generally, the Corporation has indemnified the purchasers in circumstances where a third party has asserted a claim against the purchaser that relates to a liability retained by the Corporation. These types of indemnities typically extend for a number of years or, in some cases, indefinitely.

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No claims have been made to date. The Corporation is unable to estimate the maximum potential liability for these indemnities, as the underlying agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Corporation has not made any significant indemnification payments under such agreements and no amounts have been accrued in these consolidated financial statements with respect to these indemnification agreements.

The Corporation continues to monitor the conditions that are subject to indemnities to identify whether it is probable that a loss has occurred. The Corporation would recognize any such losses under any guarantees or indemnifications when those losses are probable and estimable.

Claims for Indemnities and Indemnification Agreements

- (a) With respect to certain former directors, the Corporation has entered into trust and contribution agreements with a third party trustee and deposited in trust the amount of \$nil at March 31, 2007 (March 31, 2006 - \$8.2 million, December 31, 2005 - \$8.1 million) to defend such directors from any claims made for which they would be entitled to indemnity pursuant to their indemnification agreements. As more particularly described in note 13(I), although these trusts have been wound up, there is a continuing indemnity obligation to the trustee.
- (b) On January 27, 2006, Black, Amiel-Black, Moffatt Management Inc. and Black-Amiel Management Inc. issued a Notice of Action against the Corporation, Sun-Times, Argus, RCL, RMI, Radler, Torys LLP and KPMG LLP seeking contribution and indemnity in respect of claims made against them (among others) in various proceedings in Canada and the United States. On February 27, 2006, the plaintiffs issued a Statement of Claim against the defendants in respect of this contribution and indemnity claim. As against the Corporation, the plaintiffs claim that they are entitled to contribution to the extent of the Corporation's own liability in the event that the plaintiffs are found jointly liable for any of the claims in the proceedings. Black and Amiel-Black further claim indemnification from the Corporation for any and all liability, costs, charges and expenses incurred by them in connection with the proceedings by reason of their having been officers or directors of the Corporation. This Statement of Claim was amended on November 8, 2006. No steps have been taken to move this action forward.
- (c) In addition to the indemnities discussed at (a) and (b) above, the Corporation has from time to time entered into customary indemnification agreements and arrangements with its directors and officers, consistent with its by-laws and governing statutes.

15. OTHER LEGAL MATTERS

- (a) In September 2004, Catalyst applied to the Ontario Superior Court of Justice for an order removing a majority of the Corporation's Board of Directors (including Black, Radler, Boulton, Amiel-Black and White) on the basis that they had acted in a manner oppressive to the Corporation's minority shareholders. Black resigned as a director and officer of the Corporation on November 2, 2004, immediately prior to the commencement of the hearing of the application. On November 18, 2004, Mr. Justice Campbell ordered the removal of three of the Corporation's directors, namely Amiel-Black, Boulton and Radler. White was permitted to continue to act as a director at the pleasure of the Board. White was subsequently removed from the Corporation's board of directors by further Order dated June 8, 2005 (the "Removal Order"). Black, Amiel-

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Black and Boulton appealed the November 18, 2004 order, however, these appeals were ultimately abandoned. White appealed the November 18 order and the Removal Order. White's appeals were dismissed by the Ontario Court of Appeal in March 2006.

- (b) On November 3, 2004, Wells Fargo Bank Northwest, N.A. and Key Corporate Capital Inc. commenced an action in the State of New York against Sugra (Bermuda) Limited ("Sugra Bermuda"), a subsidiary of Sun-Times, and the Corporation. The action alleged that Sugra Bermuda defaulted under the terms of a 1995 aircraft lease agreement and that the Corporation is a guarantor of Sugra Bermuda's obligations under the lease. The plaintiffs sought US\$5.1 million in damages, plus interest at the rate of 18% per annum and attorneys' fees. On December 22, 2005, the Corporation settled the litigation with Wells Fargo Bank Northwest, N.A. and Key Corporate Capital Inc. and paid US\$0.8 million as its share of the settlement. The settlement and legal costs related thereto, aggregating \$1.1 million, were expensed in 2004.
- (c) On March 29, 2005, the Corporation and Domgroup issued a Statement of Claim in the Ontario Superior Court of Justice against RCL, RMI, Moffatt Management Inc. and Black-Amiel Management Inc., as well as Black, Radler, Boulton and Peter Atkinson ("Atkinson") (a former officer of the Corporation). The claims made are for monetary damages from all defendants jointly and severally in the amount of \$550 million, as well as reimbursement of certain amounts owing to the Corporation in the amount of approximately \$86 million, plus accrued interest and costs. The monetary damages include management fees and non-competition payments paid during the period since 1998, as well as reimbursement of fees and costs related to the Inspection and the Strategic Transaction. The claim alleges diversion of corporate opportunities, breach of fiduciary duties and oppression. Certain defendants have instituted motions to stay the action and strike some parts of the Statement of Claim.
- (d) On February 27, 2006, the Corporation and certain subsidiaries issued a Statement of Claim in the Ontario Superior Court of Justice against RCL, RMI, 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 509646 N.B. Inc., 509647 N.B. Inc., Moffatt Management Inc., Black-Amiel Management Inc., Argus, Conrad Black Capital Corporation, Hollinger Aviation Inc., Mowitz Holdings, Inc., 364817 Ontario Limited, F.D. Radler Ltd., 1269940 Ontario Limited, 2753421 Canada Limited, Black, Amiel-Black, Radler, Boulton, 1406684 Ontario Limited and Atkinson. In total, the Corporation has claimed damages and other monetary relief against Black and the other defendants in excess of \$750 million. Minor amendments were made to the Statement of Claim on August 10, 2006. The Statement of Claim alleges that the defendants harmed the plaintiffs by, among other things, causing or engaging in:
- a series of transactions pursuant to which the Corporation's operating assets were sold to Sun-Times for below market value;
 - the diversion of significant management fees to RCL (and others), which had been previously paid to the Corporation;
 - a series of stock transactions conducted by the Corporation that enabled RCL to increase its ownership of the Corporation at no cost to RCL, but at significant cost to the Corporation;

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

- a series of improper and unfair public market debt financings wherein Black and certain of his associates caused the Corporation to loan money to RCL and to themselves personally at interest rates highly unfavourable to the Corporation and highly favourable to Black, RCL and other individual defendants;
- a pattern of improper conduct designed to enrich Black and the other defendants at the expense of the Corporation by misappropriating corporate opportunities of the Corporation;
- the diversion to the Corporation from Sun-Times of so-called "non-compete payments" arising from the sale by Sun-Times of certain of its U.S.-based community newspapers, which caused the Corporation significant damage; and
- the active concealment of wrongdoing from the Corporation's board of directors.

On August 18, 2006, pursuant to an Application by the Corporation brought without notice, the Ontario Superior Court of Justice granted a Mareva injunction against Black and Amiel-Black freezing their assets and those of entities controlled by them. On September 29, 2006, the Court replaced the Mareva injunction with a Consent Order continuing the freezing of the assets of Black, Amiel-Black and entities controlled by them, subject to the terms of a confidential settlement agreement, pending resolution of the claims which have been filed against them by the Corporation.

- (e) On April 20, 2005, the Ontario Superior Court of Justice issued the Ravelston CCAA and Receivership Order (see note 3(k)). At that time, the Ravelston Receiver was appointed as receiver and manager of all of the assets of RCL and RMI, except for the shares of Sun-Times owned directly or indirectly by RCL (the "Excluded Shares"). The Ravelston CCAA and Receivership Order also provided, among other things, that until May 20, 2005 or such later date as the Court may order, no proceeding or enforcement process in any court or tribunal may be commenced or continued against or in respect of either or both of RCL and RMI, and any such proceedings then underway (including the Corporation's lawsuit) pertaining to RCL and RMI were temporarily stayed. On June 7, 2007, the stay of proceedings was extended to November 2, 2007.

On May 18, 2005, the Ravelston CCAA and Receivership Order was extended to Argus and five of its subsidiaries, which collectively own, directly or indirectly, 61.8% of the outstanding Common Shares. Further, the Court approved the agreement between Sun-Times and the Ravelston Receiver pursuant to which Sun-Times altered its shareholders rights plan to exempt the Ravelston Receiver from its provisions by making it an "exempt stockholder", the effect of which was to allow the Ravelston Receiver to take control of the Excluded Shares. The agreement further provided that Sun-Times would not object to the sale by the Ravelston Receiver of a number of Common Shares in order to pay for the costs of the receivership. On June 12, 2006, the Court appointed the Ravelston Receiver as manager and interim receiver of all the property, assets and undertaking of Argent News Inc., a wholly-owned subsidiary of RCL.

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

The Corporation and its subsidiaries have submitted proofs of claim in the insolvency proceeding of the receivership of RCL and RMI and their subsidiaries (the "Ravelston Entities").

On January 22, 2007, the Corporation served a motion in the insolvency proceedings regarding RCL and others. In the motion, the Corporation seeks an order confirming the secured obligations owed by RCL to the Corporation and declaring that the applicable security agreements are valid, perfected and enforceable in accordance with their terms. In the motion, the Corporation claims that the secured obligations owing by RCL total more than \$25 million.

On January 25, 2007, the Ontario Superior Court of Justice heard a motion brought by the Ravelston Receiver seeking, among other things, approval of a plea agreement negotiated with the U.S. Attorney's Office in respect of indictments laid in the United States against RCL. The motion was supported by the Corporation and Sun-Times and was opposed by Black, Conrad Black Capital Corporation, White and PGWML.

On February 7, 2007, the Ontario Superior Court of Justice released its decision in respect of the motion brought by the Ravelston Receiver. In this decision, the Ontario Superior Court of Justice granted the Ravelston Receiver's motion and authorized the Ravelston Receiver to enter into the plea agreement. Black, Conrad Black Capital Corporation, White and PGWML filed a notice of appeal with the Court of Appeal for Ontario appealing the decision. That appeal was heard on February 26, 2007 and on March 1, 2007, the Court of Appeal for Ontario issued a decision denying the appeal and upholding the decision of the Superior Court. On March 5, 2007, the U.S. Court accepted RCL's guilty plea in accordance with the plea agreement.

On February 15, 2007, the Ontario Court issued a decision permitting Richter to file a "payments report" once it is finalized. The payments report would report on and analyze the monies received by and distributions made by RCL during the period of January 3, 2002 to April 20, 2005, by RMI during the period of July 3, 2002 to April 20, 2005 and by Argus during the period of January 1, 1999 to April 30, 2005. On February 26, 2007, the Ontario Court of Appeal heard an appeal of this decision by Black and on March 1, 2007 it issued a decision denying the appeal and upholding the decision of the Ontario Court. The payments report was filed on April 5, 2007 and a supplemental report was filed on May 2, 2007.

- (f) On May 19, 2005, White commenced proceedings against the Corporation for an order that the Corporation indemnify him for all costs, charges and expenses that he reasonably incurred in responding to the applications for his removal from the Corporation's board of directors. By order dated June 8, 2005, the Honourable Mr. Justice Campbell dismissed White's application (the "Dismissal Order"). White's appeal of the Dismissal Order was dismissed by the Ontario Court of Appeal in March 2006.
- (g) On July 6, 2006, counsel for Black served a demand letter on the Corporation demanding repayment of the sum of approximately \$20.4 million advanced by Black to Sun-Times on July 16, 2004 in satisfaction of the Delaware Chancery Court judgment dated June 28, 2004 (in respect of non-compete payments). Black also demanded associated costs in the amount of \$192,000, plus interest. On December 13, 2006, Black served a Notice of Action and Statement of Claim on the Corporation pursuant to which Black seeks damages in the amount of these demanded repayments. (See note 3(e).)

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

- (h) On October 25, 2006, pursuant to a motion brought by the Corporation without notice, the British Columbia Supreme Court granted a temporary Mareva injunction against Radler and F.D. Radler Ltd. freezing their assets. On November 14, 2006, Madam Justice Wedge of the British Columbia Supreme Court refused an Application by the Corporation to extend this Mareva injunction. The Corporation's motion for leave to appeal was dismissed.
- (i) On February 7, 2007, the Corporation filed a notice of action against a former director, Ralph Barford, for damages arising from inadequate oversight of management and other breaches of duty. Tolling agreements have been entered into with other former directors in respect of alleged claims.

16. STOCK-BASED COMPENSATION

Share Option Plan

The Corporation has an Executive Share Option Plan (the "Option Plan") pursuant to which the Corporation can grant options to certain key executives for up to 5,560,000 Common Shares. Unless amended, the options are exercisable to the extent of 25% thereof at the end of each of the first through fourth years following granting, on a cumulative basis, and options expire six years after the date of grant. Unexercised options expire one month following the date of termination of the executive's employment, except in the case of retirement at normal retirement age, death or certain offers made to all or substantially all of the holders of Common Shares, in which events all unexercised options become exercisable in full.

In 2005, under the Advisory Agreement, the Corporation granted options to Benson Consulting to purchase an aggregate of 1,000,000 Common Shares under the Option Plan at an exercise price of \$5.50. These options contain accelerated vesting provisions and, as at April 15, 2006, all such options had vested (as at March 31, 2006, 750,000 of these options had vested and as at December 31, 2005, 500,000 of these options had vested). The options granted under the Advisory Agreement expire on the date immediately following the date that is three years after the Advisory Agreement is terminated, provided that if any of the Common Shares is subject to any cease trade order or any similar restraint on trading during the last 18 months of such three-year period, the exercise period of the options is extended by a period equal to the number of days any such trading restraint is in effect. If, due to applicable law, including orders of securities authorities, Benson Consulting is unable to exercise such options or sell the Common Shares issuable on exercise of such options, the Corporation must provide alternate compensation to Benson Consulting having an equivalent total after-tax value.

Details of compensation expense recognized pursuant to the above are set out below.

Year ended December 31, 2005

During 2005, a total of 1,000,000 options were granted, of which 500,000 had vested, as of December 31, 2005 having an exercise price of \$5.50 per share.

Using the Black-Scholes option pricing model, the aggregate fair value of all options granted during the year ended December 31, 2005 was estimated to be \$1.9 million, of which an expense in the amount of \$1.7 million has been recognized for the year ended December 31, 2005. A corresponding amount has been recorded in contributed surplus.

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005
(Tabular amounts are in thousands of dollars except where noted)

Three months ended March 31, 2006

There were no options granted in the three-month period ended March 31, 2006. At March 31, 2006, there were 1,000,000 options outstanding, of which 750,000 had vested, having an exercise price of \$5.50 per share.

An expense in the amount of \$197,000 has been recognized for the year ended March 31, 2006 relating to the options granted in 2005. A corresponding amount has been recorded in contributed surplus.

Year ended March 31, 2007

There were no options granted in the year ended March 31, 2007, however, and an expense of \$27,000 was recorded relating to the vesting of options granted during the year ended December 31, 2005.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions. Such models require the use of subjective assumptions, including expected stock price volatility. The principal assumptions used in applying the Black-Scholes option-pricing model for the options issued in 2005 were a risk-free interest rate of 3.78%, a volatility factor of 63.31%, no dividend yield and an expected life of four years.

A summary of the status of the outstanding options is as follows:

	Number of stock options	Weighted average exercise price
Outstanding – December 31, 2004	Nil	Nil
Granted in 2005	1,000,000	\$5.50
Outstanding – March 31, 2007 and 2006, December 31, 2005	1,000,000	\$5.50
Exercisable – December 31, 2005	500,000	\$5.50
Exercisable – March 31, 2006	750,000	\$5.50
Exercisable – March 31, 2007	1,000,000	\$5.50

Directors Share Unit Plan

Effective February 24, 1999, directors were permitted to elect up to 100% of total fees to which they were entitled be paid in the form of deferred share units under the DSUP, as amended. For a director that elected to participate, deferred share units equal to the number of Common Shares that could have been purchased in the open market for a dollar amount equal to the percentage of that director's fee was credited to an account maintained by the Corporation for that director under the DSUP.

Deferred share units are to be paid to the director no later than December 31 of the year following the calendar year in which the director ceased to serve, based on the market value of the Common Shares on the date of the payment.

The value of the units outstanding, all of which relate to former directors, at each of March 31, 2007, March 31, 2006 and December 31, 2005 is \$243,000, \$327,000 and \$331,000, respectively. These amounts are included in the due to related parties in these financial statements.

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

17. CONTRIBUTED SURPLUS

A continuity of the Corporation's contributed surplus is as follows:

Balance at December 31, 2004	\$ 20,840
Stock-based compensation (see note 16)	1,669
Balance at December 31, 2005	22,509
Stock-based compensation (see note 16)	197
Balance at March 31, 2006	22,706
Stock-based compensation (see note 16)	27
Balance at March 31, 2007	\$ 22,733

Contributed surplus includes \$1.9 million as at March 31, 2007 and March 31, 2006, and \$1.7 million as at December 31, 2005 relating to the recording of stock-based compensation (see note 16).

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Derivative Financial Instruments

Other than stock options (see note 16), the Corporation does not currently hold or issue derivative financial instruments.

Credit Risk

The Corporation's principal credit risks relate to amounts due from related parties which are the subject of litigation.

The Corporation has assessed collectibility and has taken an allowance where necessary.

Interest Rate and Currency Risk

All of the Corporation's third-party debt is at a fixed rate of interest and denominated in US dollars.

The Corporation's investment in Sun-Times is denominated in US dollars.

Amounts held in the SEC escrow account (see note 2(a)) were in US dollars.

Market Risk

The Corporation's investment in Sun-Times represents substantially all of its investments in publicly traded securities and is subject to the risk of fluctuations in the market price of those shares.

The Corporation's Series II preference shares are exchangeable for a fixed number of Sun-Times Class A shares. As a result, such shares are valued at an amount equivalent to the market price of the underlying Sun-Times Class A shares for which they are exchangeable. While the carrying value of these

HOLLINGER INC.**Notes to Consolidated Financial Statements**

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

exchangeable shares will fluctuate with the market price of Sun-Times Class A shares, this market risk is mitigated by the Corporation's holding of such Sun-Times Class A shares.

19. SEGMENT INFORMATION

The Corporation has two reportable segments: (i) publishing, printing and distribution of newspapers; and (ii) holding of income-producing real estate properties. The Corporation's newspaper segment is held through its Costa Rican subsidiary, ELR. The Corporation's real estate properties are held through its subsidiary, Domgroup, and are located in Canada. The Corporation's dividend income is principally derived from its investment in Sun-Times located in the United States. Segment data not specifically attributable to the Corporation's reportable segments is presented in the table below. Except as described in note 1, the accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Corporation evaluates performance based on profit or loss from operations before income taxes, not including non-recurring gains and losses and foreign exchange gains and losses. The Corporation's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different management and operating strategies.

March 31, 2007			
	For the year Revenues	Property and Equipment	Total Assets
Canada	\$ 3,917	\$ 694	\$ 64,313
United States	1,694	-	89,112
Costa Rica	4,117	682	1,866
	\$ 9,728	\$ 1,376	\$ 155,291

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005
(Tabular amounts are in thousands of dollars except where noted)

March 31, 2006			
	For the three-month period Revenues	Property and Equipment	Total Assets
Canada	\$ 945	\$ 826	\$ 87,303
United States	926	-	154,067
Costa Rica	719	762	1,602
	<u>\$ 2,590</u>	<u>\$ 1,588</u>	<u>\$ 42,972</u>

December 31, 2005			
	For the year Revenues	Property and Equipment	Total Assets
Canada	\$ 4,155	\$ 9,591	\$ 97,974
United States	62,749	-	164,545
Costa Rica	3,992	842	1,824
	<u>\$70,896</u>	<u>\$10,433</u>	<u>\$264,343</u>

Year ended March 31, 2007				
	Newspaper	Real Estate	Corporate	Totals
Revenues	\$ 4,129	\$ 763	\$ -	\$ 4,892
Dividend income	-	-	2,407	2,407
Interest income - third party	-	747	1,682	2,429
Total Revenue	4,129	1,510	4,089	9,728
Interest expense - third party	-	31	15,227	15,258
Interest expense - related party	-	-	7,972	7,972
Amortization	167	28	87	282
Income taxes (recovery)	11	2,032	(15,490)	(13,447)
Segment net profit (loss)	<u>\$ 46</u>	<u>\$ 15,604</u>	<u>\$(100,838)</u>	<u>\$ (85,188)</u>
Segment property and equipment	<u>\$ 682</u>	<u>\$ -</u>	<u>\$ 694</u>	<u>\$ 1,376</u>
Additions to property and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u>\$ 1,866</u>	<u>\$ 101,605</u>	<u>\$ 51,820</u>	<u>\$ 155,291</u>

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

Three months ended March 31, 2006				
	Newspaper	Real Estate	Corporate	Totals
Revenues	\$ 719	\$ 257	\$ -	\$ 976
Dividend income	-	-	926	926
Interest income - third party	-	107	581	688
Total Revenue	719	364	1,507	2,590
Interest expense - third party	-	-	3,644	3,644
Interest expense - related party	-	-	1,870	1,870
Amortization	38	9	67	114
Income taxes (recovery)	20	(166)	(2,499)	(2,645)
Segment net profit (loss)	\$ 47	\$ 552	\$ (18,156)	\$ (17,557)
Segment property and equipment	\$ 762	\$ 45	\$ 781	\$ 1,588
Additions to property and equipment	\$ -	\$ -	\$ -	\$ -
Total assets	\$ 1,602	\$ 78,855	\$ 162,515	\$ 242,972
Year ended December 31, 2005				
	Newspaper	Real Estate	Corporate	Totals
Revenues	\$ 3,992	\$ 1,508	\$ -	\$ 5,500
Dividend income	-	-	62,766	62,766
Interest income - third party	-	310	2,320	2,630
Total Revenue	3,992	1,818	65,086	70,896
Interest expense - third party	-	5	17,985	17,990
Interest expense - related party	-	-	7,199	7,199
Amortization	170	98	253	521
Income taxes (recovery)	24	284	(24,361)	(24,053)
Segment net profit (loss)	\$ (90)	\$ (197)	\$ (91,946)	\$ (92,233)
Segment property and equipment	\$ 842	\$ 3,040	\$ 6,551	\$ 10,433
Additions to property and equipment	\$ -	\$ 8	\$ 64	\$ 72
Total assets	\$ 1,824	\$ 77,377	\$ 185,142	\$ 264,343

20. SUBSEQUENT EVENTS

- (a) On May 30, 2007, the Corporation sold all of the shares of its Costa Rican subsidiary, ELR that controls *La Republica*, a newspaper published in Costa Rica for US\$2 million in cash.

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

- (b) On April 10, 2007, as a result of the remediation by the Corporation of its historical continuous disclosure record on March 7, 2007, the OSC issued an order revoking the Management and Insider Cease Trade Order issued by the OSC on June 1, 2004, as amended.
- (c) On April 20, 2007, the Corporation filed a statement of claim in the Ontario Superior Court of Justice against Black, Amiel-Black, Radler, Boulfbee and Atkinson seeking a declaration that it is not liable to indemnify those parties under certain indemnity agreements to which the Corporation is a party and that the agreements are void and unenforceable. The action also seeks recovery of any payments made by the Corporation to the defendants pursuant to the agreements.
- (d) By Statement of Claim issued April 12, 2007, Morneau Sobeco asserted a claim against TSI in the Ontario Superior Court of Justice (File No. 07-CV-331025 PD3) for an order that TSI pay the amount of \$2.9 million, plus costs and interest, with respect to alleged payments owing in respect of the RCL plan. TSI has filed a defence but examinations for discovery have not yet been held. Morneau Sobeco amended its claim to assert a lien under s. 57 of the *Pension Benefits Act* for all amounts claimed to be owing by TSI. Morneau Sobeco also registered a lien on title to the 10 Toronto Street property and filed a financing statement under the *Personal Property Security Act* (Ontario). In order to allow the sale of the property to close, \$2.9 million from the sale proceeds of the property was paid into an interest bearing trust account as a condition to Morneau Sobeco lifting its lien. These funds remain in trust pending motions, currently scheduled to be heard on July 23, 2007, to determine if the funds should continue to be held in trust pending a determination of Morneau Sobeco's claims or if the funds should be released to TSI.
- (e) On May 8, 2007, TSI sold the real property located at 10 Toronto Street, Toronto, Ontario to an affiliate of Morgan Meighen & Associates Limited for \$14 million. Pursuant to the Option Amending Agreement, a payment of \$1.0 million was made to the Ravelston Receiver out of the proceeds.
- (f) On May 31, 2007, the Corporation commenced proceedings in the Ontario Superior Court of Justice against its former banking syndicate members, Canadian Imperial Bank of Commerce, Toronto-Dominion Bank and the Bank of Nova Scotia seeking recovery of, among other things, \$65.2 million which those banks received from the Corporation in March 2003.
- (g) On June 7, 2007, Domgroup sold the vendor take-back mortgage referred to in note 4(b) for \$8.3 million.
- (h) On June 11, 2007, the Corporation filed Amendment No. 1 ("Amendment") to the Schedule 13D referred to in Note 5 with the SEC in respect of its shareholdings in Sun-Times. The Amendment states in part:

[The Corporation] has submitted to [Sun-Times] a letter, dated June 11, 2007 (the "Letter"), indicating, among other things, that [the Corporation] will nominate two members to the Board of Directors of [Sun-Times] and furnish to [Sun-Times] the names of its nominees shortly. As of the date hereof, none of the current members of the Board of Directors of [Sun-Times] were nominated by [the Corporation or its subsidiaries].

HOLLINGER INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2007, 3 months ended March 31, 2006 and Year ended December 31, 2005

(Tabular amounts are in thousands of dollars except where noted)

- (i) On June 20, 2007, the Corporation announced that Voorheis was appointed to serve as Chief Executive Officer of the Corporation. Under the terms of a consulting services agreement effective as of April 16, 2007, VC & Co., a corporation controlled by Voorheis, will be paid a base fee of \$75,000 per month and will be eligible for additional milestone fees based on substantial completion of certain milestone achievements. These include a milestone fee of \$1.2 million upon substantial completion of a refinancing of the Corporation's outstanding Senior Notes or a resolution of the outstanding issues with the Noteholders and, provided this milestone has been achieved, an additional milestone fee of \$1.4 million upon the completion of (i) the sale or other disposition by the Corporation of substantially all of its shares of Sun-Times, (ii) the sale or other disposition of a majority of the outstanding Common Shares of the Corporation in a transaction that is supported by the Corporation's board of directors, or (iii) the sale or other disposition of all or substantially all the assets of the Corporation or Sun-Times. VC & Co. will also be paid \$169,500 in respect of accomplishments of Voorheis since he began rendering executive services on January 15, 2007 and Voorheis has been issued, effective May 7, 2007, options to acquire 1,000,000 Common Shares at the then current market price. In the event that, during the 12 months following January 15, 2007, the Corporation issues additional Common Shares or securities which are convertible into, or carry the right to receive or provide the Corporation with the right to issue, additional Common Shares (or other equity-like securities), VC & Co. will be entitled, upon Voorheis exercising any such options, to an additional cash payment in certain circumstances. The agreement also provides for certain payments to VC & Co. in specified circumstances where the agreement is terminated in connection with a change of control of the Corporation occurring on or after August 15, 2007. These circumstances include where VC & Co. terminates the agreement for Good Reason, which includes any termination by VC & Co. during the three-month period commencing on the date which is 90 days following such a change of control.

21. COMPARATIVE AMOUNTS

Certain amounts have been reclassified to conform to the presentation adopted in the current year.

EXHIBIT “M”

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094828.43

PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(9358)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

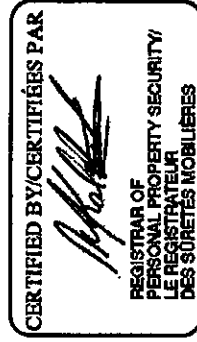
SEARCH CONDUCTED ON : HOLLINGER INC.

FILE CURRENCY : 29JUL 2007

ENQUIRY NUMBER 20070730094828.43 CONTAINS 6 PAGE(S), 4 FAMILY(IES) .

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THORNTON GROUT FINNIGAN LLP (KEMM)
3200 100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7



CONTINUED... 2



RUN NUMBER : 211
 RUN DATE : 2007/07/30
 ID : 20070730094828.43

PROVINCE OF ONTARIO
 MINISTRY OF CONSUMER AND BUSINESS SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
PAGE : 2
(9359)

TYPE OF SEARCH	BUSINESS DEBTOR
SEARCH CONDUCTED ON	HOLLINGER INC.
FILE CURRENCY	29JUL 2007

FORM 1C FINANCING STATEMENT / CLAIM FOR LIRM

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FILE NUMBER
613462239

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	01	001		20050318 1051	1529 5727	P PP5A 3

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	02	DIRECTOR		BUSINESS NAME	HOLLINGER INC.
	03	NAME			
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TORONTO

EX-110 SECRETORIAL

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07 ADDRESS

08 SECURED PARTY / IKON OFFICE SOLUTIONS INC.

08	SECURED PARTY / KERN CLAIMANT	IRKON OFFICE SOLUTIONS INC.
09		STR 200-2300 MEADOWVALE BLVD

MISSISSAUGA

NO L57 5P9

CONFIDENTIAL CLASSIFICATION

CONSUMER	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	DATE OF	NO FIXED
GOODS						MATURITY	MATURITY DATE

10

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TEAR PAGE

11	REPORT
12	VERTICAL

13	GENERAL
14	COLLATERAL
15	DESCRIPTION

16 REGISTERING CANADIAN SECURITIES REGISTRATION SYSTEMS

17
ADDRESS 4126 NORLAND AVENUE

BURNABY

BC V5G 398

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR



**REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES**



PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094828.43

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : HOLLINGER INC.
FILE CURRENCY : 29 JUL 2007

FORM 1C FINANCING STATEMENT / CLAIM FOR LIES

00 FILE NUMBER
609290505

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 001 20040924 1948 1531 7409 P PP8A 9

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME HOLLINGER INC.
04 ADDRESS 10 TORONTO STREET TORONTO ON M5C 2B7

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME
07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / HSBK BANK USA, NATIONAL ASSOCIATION, AS TRUSTEE AND COLLATERAL AGENT
09 LIES CLAIMANT CORPORATE TRUST, 452 FIFTH AVENUE NEW YORK NY 10018

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO THIRD
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 YEAR MAKE MODEL V.I.N.
12 MOTOR VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT FOGLER, RUBINOFF LLP (ATTN/D.OLIVER)
17 ADDRESS SUITE 4400, ROYAL TRUST TOWER TORONTO ON M5K 1G8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SURETES MOBILIERES
(eff 07/2007)



PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094828.43

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : HOLLINGER INC.
FILE CURRENCY : 29JUL 2007

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
892285785

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 001 20030307 1803 1531 9185 P PPSA 10

02 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 BUSINESS NAME HOLLINGER INC.

04 ADDRESS 10 TORONTO STREET TORONTO ON M5C 2B7
ONTARIO CORPORATION NO.

05 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 BUSINESS NAME HOLLINGER INC.

07 ADDRESS 712 5TH AVENUE, 18TH FLOOR NEW YORK NY
ONTARIO CORPORATION NO.

08 SECURED PARTY / HOLLINGER INTERNATIONAL INC.

09 ALIEN CLAIMANT ADDRESS NEW YORK NY

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FILED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X

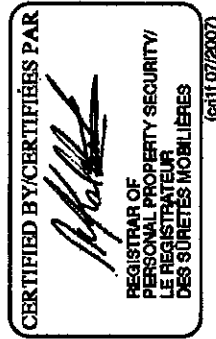
11 YEAR MAKE MODEL V.I.N.

12 GENERAL COLLATERAL DESCRIPTION

13 REGISTERING AGENT TORYS LLP
14 ADDRESS SUITE 3000, 79 WELLINGTON ST. W. TD CENT TORONTO ON M5K 1N2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 6



RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094828.43

PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(9363)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : HOLLINGER INC.
FILE CURRENCY : 29JUL 2007

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
613462239	20050318	1051	1529 5727
609290505	20040924	1948	1531 7409
892282842	20030307	1803	1531 8891
892285785	20030307	1803	1531 9185

4 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

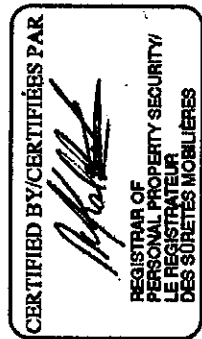


EXHIBIT “N”

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(9364)

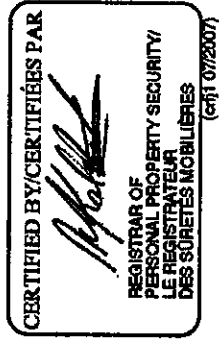
THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 4322525 CANADA INC.
FILE CURRENCY : 29JUL 2007

ENQUIRY NUMBER 20070730094843.95 CONTAINS 8 PAGE(S), 2 FAMILY(IES) .

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THORNTON GROUT FINNIGAN LLP (KEMM)
3200 100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7



PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 4322525 CANADA INC.
FILE CURRENCY : 29JUL 2007

FORM 1C FINANCING STATEMENT / CLAIM FOR LHM

FILE NUMBER
609290523

00	CAUTION	PAGE	TOTAL	REGISTRATION	REGISTERED	REGISTRATION
	FILE	NO. OF	PAGES	NUMBER	UNDER	PERIOD
01	01	001		20040924 1948 1531 7411	P	PPSA 9
02	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03	NAME	BUSINESS NAME	504468 N.B. INC.			ONTARIO CORPORATION NO. ON M5C 2B7
04	ADDRESS	10 TORONTO STREET				TORONTO
05	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
06	NAME	BUSINESS NAME	504468 N.B. INC.			ONTARIO CORPORATION NO. NB E2L 4S6
07	ADDRESS	44 CHIPMAN HILL, 10TH FLOOR				SAINT JOHN
08	SECURED PARTY /		HSBC BANK USA, NATIONAL ASSOCIATION, AS TRUSTEE AND COLLATERAL AGENT			
09	LIEN CLAIMANT	ADDRESS	CORPORATE TRUST, 452 FIFTH AVENUE			NEW YORK NY 10018

10	COLLATERAL CLASSIFICATION	CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNT	OTHER	INCLUDED	DATE OF	NO FINED
									MATURITY	DATE

11	YEAR	MAKE	MODEL	V.I.N.
12	MOTOR	VEHICLE		

13	GENERAL	
14	COLLATERAL	
15	DESCRIPTION	

16	REGISTERING	FOGLER, RUBINOFF LLP (ATTN/D.OLIVER)
17	AGENT	SUITE 4400, ROYAL TRUST TOWER
		TORONTO ON M5K 1G8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR

[Signature]

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(e)11 07/2007



RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(9366)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 4322525 CANADA INC.
FILE CURRENCY : 29JUL 2007

FORM 20 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 001 002 20060816 1510 1862 7331

21 RECORD FILE NUMBER 609290523

PAGE AMENDED NO SPECIFIC PAGE AMENDED X

22 FIRST GIVEN NAME 504468 N.B. INC.

23 BUSINESS NAME 504468 N.B. INC.

24 DEBTOR/ TRANSFEROR

25 OTHER CHANGE

26 REASON/ TO REFLECT CHANGE OF NAME OF (DEBTOR) 504468 N.B. INC. TO 4322525
27 DESCRIPTION CANADA INC. IN CONNECTION WITH LINES 03 AND 06 OF REGISTRATION
28 NUMBER 20040924 1948 1531 7411.

02/ DATE OF BIRTH

05 FIRST GIVEN NAME

03/ BUSINESS NAME 4322525 CANADA INC.

04/07 ADDRESS 10 TORONTO STREET

TORONTO

ONTARIO CORPORATION NO. ON MSC 2B7

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS

09 ADDRESS

COMMODITY CLASSIFICATION

10 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNT OTHER INCLUDED AMOUNT DATE OF NO FIRM DATE OF MATURED DATE

11 YEAR MAKE

12 MODEL

13 V.I.N.

14 MOTOR

15 VEHICLE

16 GENERAL

17 COLLATERAL

18 DESCRIPTION

19 REGISTERING AGENT OR

20 SECURED PARTY/ LIEN CLAIMANT

21 ADDRESS

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PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 4322525 CANADA INC.
FILE CURRENCY : 29JUL 2007

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER

20060816 1510 1862 7331

01 RECORD 002 002
21 REFERENCE 609290523

22 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
PERIOD

23 FIRST GIVEN NAME INITIAL SURNAME

24 BUSINESS NAME

25 OTHER CHANGE
26 REASON/
27 DESCRIPTION

28 DATE OF BIRTH INITIAL SURNAME

02/05 DEBTOR/ 4322525 CANADA INC.

03/06 TRANSFEREE

SAINT JOHN

ONTARIO CORPORATION NO. NB E2L 496

29 ASSIGNOR
30 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS

09 ADDRESS

10 COLLATERAL CLASSIFICATION MOTOR VEHICLE DATE OF NO BIRTH
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER EXCLUDED AMOUNT MATURITY OF MORTGAGE DATE

11 YEAR MAKE MODEL Y.P.N.

12 MOTOR

13 VEHICLE

14 GENERAL

15 COLLATERAL

16 DESCRIPTION

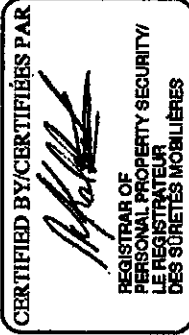
17 REGISTERING AGENT OR

SECURED PARTY/

LIEN CLAIMANT

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***

CONTINUED...



(en 27 07/2007)



RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(9368).

TYPE OF SEARCH	BUSINESS DEBTOR
SEARCH CONDUCTED ON	4322525 CANADA INC.
FILE CURRENCY	29JUL 2007

FORM LC FINANCING STATEMENT / CLAIM FOR LIEN

00
892282851
FILE NUMBER

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	01	001		20030307 1803 1531 8892	P	PESA 10

	DATE OF BIRTH	FIRST GIVEN NAME
02	DEPTOR	
03	NAME	504468 N.B. INC.
	BUSINESS NAME	

04 ADDRESS 10 TORONTO STREET

05	BESTOR	DATE OF BIRTH	FIRST GIVEN NAME
06	NAME	BUSINESS NAME	504468 N.B. INC.

07
ADDRESS
44 CHIPMAN HILL,

08 SECURED PARTY / WACHOVIA TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE

09
ADDRESS ONE RODNEY SQUARE, 920 KING ST SUITE 102 WILMINGTON

COLLATERAL CLASSIFICATION				DATE OF	NO. FIXED
CONSUMER	MOTOR VEHICLE	AMOUNT	INCLUDED	MATURITY	OR MATURITY DATE
GOODS	INVENTORY EQUIPMENT	ACCOUNTS OTHER	X	X	

[illegible]

13 GENERAL
14 THE FULL NAME OF THE SECURED PARTY IS WACHOVIA TRUST COMPANY,
NATIONAL ASSOCIATION, AS TRUSTEE AND COLLATERAL AGENT.

16
ABC'S OF LING
TORYS LLP

17
ADDRESS SUITE 3000, 79 WELLINGTON ST. W. TD CENT TORONTO

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR

**REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES**

(crj1f 07/2007)



RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(9369)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 4322525 CANADA INC.
FILE CURRENCY : 29JUL 2007

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE NO. OF PAGES TOTAL MOTOR VEHICLE REGISTRATION NUMBER REGISTERED UNDER
FILING 001 002 20060816 1609 1862 7347

21 RECORD FILE NUMBER 892282851

22 PAGE AMENDED NO SPECIFIC PAGE AMENDED X CHANGE REQUIRED RENEWAL CORRECT
REFERENCE NO. OF PAGES 001 002 20060816 1609 1862 7347
23 FIRST GIVEN NAME INITIAL SURNAME YEARS PERIOD
24 BUSINESS NAME 504468 N.B. INC.

25 OTHER CHANGE
26 TO REFLECT CHANGE OF NAME OF (DEBTOR) 504468 N.B. INC. TO 4322525
27 CANADA INC. IN CONNECTION WITH LINES 03 AND 06 OF REGISTRATION
28 NUMBER 20030307 1803 1531 8892.

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/ 4322525 CANADA INC.
03/ TRANSFEREE
06 BUSINESS NAME 4322525 CANADA INC.
04/07 ADDRESS 10 TORONTO STREET TORONTO

ONTARIO CORPORATION NO.
ON MSC 2B7

29 ASSIGNOR
30 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS
09 ADDRESS

10 COLLATERAL CLASSIFICATION
11 CONSUMER
12 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR REPORT DATE
13 YEAR MAKE MODEL V.I.N.

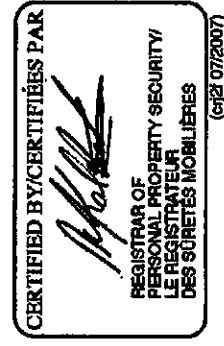
11 MOTOR
12 VEHICLE
13 CURRENT
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENCY OR
17 SECURED PARTY / LIEN CLAIMANT

DAVIES WARD PHILLIPS & VINEBERG LLP (RICHARD FRIDMAN)
44TH FLOOR, 1 FIRST CANADIAN PLACE
TORONTO

ON MEX 1B1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 7



PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 4322525 CANADA INC.
FILE CURRENCY : 29JUL 2007

FORM 20 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER
002 002 20060816 1609 1862 7347
21 RECORDS FILE NUMBER 892282851
PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
22 REFERENCED 002 892282851 002 002 002

23 REPRESENTATIVE FIRST GIVEN NAME SURNAME
24 DEBTOR/ TRANSFEROR BUSINESS NAME INITIAL SURNAME

25 OTHER CHANGE
26 REASON/
27 DESCRIPTION
28
02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/ BUSINESS NAME 4322525 CANADA INC.
03/ TRANSFEROR
06
04/07 ADDRESS 44 CHIPMAN HILL, 10TH FLOOR SAINT JOHN
ONTARIO CORPORATION NO. NB E2L 4S6

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE ADDRESS

08
09 COMPLETION CLASSIFICATION ADDRESS

10 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MAINTENANCE OR MAINTENANCE DATE

11 MOTOR YEAR MAKE MODEL T.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

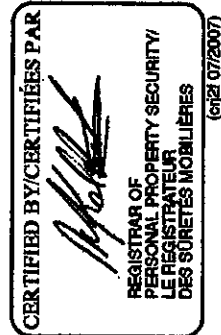
15 DESCRIPTION

16 ENDORSING AGENT OR ADDRESS

17 SECURED PARTY/ LIEN CLAIMANT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...



RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094843.95

PROVINCE OF ONTARIO
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 8
(9371)

TYPE OF SEARCH : BUSINESS DESTOR
SEARCH CONDUCTED ON : 4322525 CANADA INC.
FILE CURRENCY : 29JUL 2007

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
609290523	20040924 1948 1531 7411	20060816 1510 1862 7331	
892282851	20030307 1803 1531 8892	20060816 1609 1862 7347	

4 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

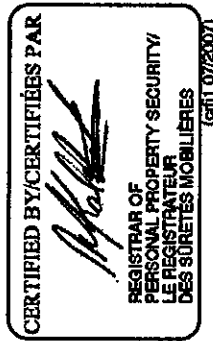


EXHIBIT “O”

RUN NUMBER : 211
RUN DATE : 2007/07/30
ID : 20070730094903.75

PROVINCE OF ONT.
MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(9372)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : SUGRA LIMITED

FILE CURRENCY : 29JUL 2007

ENQUIRY NUMBER 20070730094903.75 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THORNTONROUTFINNINGAN LLP (KEMM)
3200 100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7

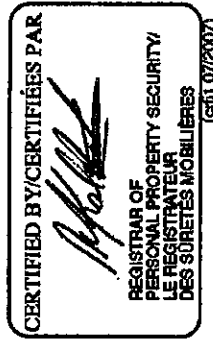


EXHIBIT “P”

COPY

AMENDED PROMISSORY NOTE

Dated: March 10, 2003

FOR VALUE RECEIVED, the undersigned hereby unconditionally promises to pay to the order of HOLLINGER INTERNATIONAL INC. (the "Lender"), in lawful money of the United States of America, the principal sum of \$20,349,216.49, together with interest on the principal amount outstanding from time to time at the rate of 14.25% per annum, calculated quarterly and payable in arrears on the last Business Day (as defined below) of each calendar quarter (pro-rated for stub periods) (each, a "Payment Date"), *provided that* if on any Payment Date the cash payment of interest would not be permitted under Section 10.09 or any other applicable provision of the Note Indenture (as defined below), the interest due on such Payment Date shall be paid in the form of a promissory note (a "PIK Note") in the amount of the interest accrued to such Payment Date on the principal amount represented by this Amended Promissory Note and by any other such PIK Notes previously issued, and interest on this Amended Promissory Note and any such PIK Note(s) shall accrue at a rate of 16.50% per annum (the "PIK Rate") until the next occurring Payment Date on which the cash payment of interest hereunder and thereunder is again permitted to be made under the Note Indenture (any such period a "PIK Interest Period"), on which date the undersigned shall pay the interest accrued at the PIK Rate on this Amended Promissory Note and any such PIK Notes, calculated for such period in arrears on such Payment Date. The interest rate on the principal amount outstanding hereunder shall be 14.25% per annum after maturity, default and judgment and until actual payment, with interest on overdue interest at the same rate. All amounts owing hereunder shall be paid in full on demand by the Lender on any date after March 1, 2011.

Payments of principal and interest under this Note shall be made to the Lender at its principal offices located at 712 5th Avenue, 18th Floor, New York, New York or at any other location as may be notified by the Lender to the undersigned.

In this Note, the following terms have the following definitions:

"Business Day" means a day, other than Saturday or Sunday, on which banking institutions are generally open for business in the City of Toronto;

"Default" has the meaning attributed to such term in the Note Indenture; and

"Note Indenture" means the indenture dated as of March 10, 2003 among Hollinger Inc., Ravelston Management Inc., the undersigned, The Ravelston Corporation Limited, Sagra Limited, and Wachovia Trust Company, National Association, as Trustee and Collateral Agent, providing for the issuance by Hollinger Inc. of U.S. \$120,000,000 11^{7/8}% Senior Secured Notes due 2011, as amended, restated, modified or supplemented from time to time.

This Note is subject to the subordination agreement dated as of March 10, 2003 (the "Subordination Agreement") among the Lender, Hollinger Inc. and 504468 N.B. Inc., as amended,

supplemented, restated or replaced from time to time. All payments hereunder are subject to the terms of the Subordination Agreement.

The undersigned waives presentment for payment, notice of non-payment, protest and notice of protest of this grid promissory note and diligence in collection or bringing suit.

The Lender may assign all of its rights and obligations under this Note to an affiliate of the Lender upon prior written notice to the undersigned.

This Note will be governed by and construed in accordance with the laws of the State of New York.

504468 N.B. INC.

By: _____

Name:

Ray C. Atkinson

Title

Vice President and General Counsel

EXHIBIT “Q”

HOLLINGER INC.**Balance Sheet****June 30, 2007****UNAUDITED**

	<u>2007</u>
ASSETS	
Current assets	
Cash	5,182,502
Accounts receivable	573,900
Due from associated companies	26,303,976
Due from affiliated company	75,504,959
Note receivable	7,095,785
Escrow deposits	520,144
Prepaid expenses	508,753
	<u>115,690,019</u>
Investments	
Investment in associated companies	12,386,639
Sun Times Media Group	12,028,788
Investments - other	54,516
	<u>24,469,943</u>
	<u>140,159,962</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
Liabilities	
Accounts payable & accrued liabilities	10,500,910
Dividends payable	4,785,108
Income tax payable	3,102,900
Preferred shares - Series 2	4,345,937
Senior secured notes	98,896,200
Due to Conrad Black	23,380,226
Due to associated companies	8,847,932
Due to affiliated companies	28,296,447
	<u>182,155,660</u>
Long term liabilities	
Future income taxes	1,405,295
Shareholders' equity	
Common shares	345,932,207
Contributed surplus	218,376,707
Deficit	(607,709,907)
	<u>(43,400,993)</u>
	<u>140,159,962</u>

4322525 CANADA INC.**Balance Sheet****June 30, 2007****UNAUDITED**

	<u>2007</u>
ASSETS	
Current assets	
Bank	107,958
Accounts receivable	-
Note receivable	8,861,043
Due from affiliated companies	5,000
Due from associated companies	-
Future income tax receivable	-
	<u>8,974,001</u>
Investments	
3055852 Nova Scotia Company	-
Sun Times Media Group, Inc.	75,525,888
	<u>75,525,888</u>
	<u>84,499,889</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities	
Accounts payable & accrued liabilities	36,348
Income tax payable	490,977
Due to associated companies	-
Due to affiliated companies	38,708,448
	<u>39,235,773</u>
Deferred income taxes	4,805,340
Shareholders' equity	
Common shares	385,743,932
Contributed surplus	1,500,000
Retained earnings	(346,785,056)
	<u>40,458,876</u>
	<u>84,499,989</u>

SUGRA LIMITED
Balance Sheet
June 30, 2007
UNAUDITED

	<u>2007</u>
ASSETS	
Current assets	
Cash	17,847
Accounts receivable	5
Income taxes receivable	-
Notes receivable	5,907,362
Due from associated companies	758,334
Due from affiliated companies	745,800
Future income tax receivable	-
	<u>7,429,348</u>
Investments	
Investment in subsidiary	-
	<u><u>7,429,348</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
Liabilities	
Accounts payable & accrued liabilities	-
Income tax payable	2,450
Due to associated companies	913,870
Due to affiliated companies	17,372
	<u>933,692</u>
Shareholders' equity	
Common shares	2,042,000
Preferred shares	208,226,490
Deficit	<u>(203,772,834)</u>
	<u>6,495,656</u>
	<u><u>7,429,348</u></u>

HOLLINGER INC.**Consolidation of Hollinger Inc., 4322525 Canada Inc. & Sugra Ltd.****As at June 30, 2007****UNAUDITED****ASSETS****Current assets**

Cash	5,308,307
Accounts receivable	573,905
Due from associated companies	27,062,310
Due from affiliated company	76,255,759
Note receivable	21,864,190
Escrow deposits	520,144
Prepaid expenses	508,753
	<u>132,093,368</u>

Investments

Investment in associated companies	12,386,639
Sun Times Media Group	87,554,676
Investments - other	54,516
	<u>99,995,831</u>

232,089,199**LIABILITIES AND SHAREHOLDERS' EQUITY****Liabilities**

Accounts payable & accrued liabilities	10,537,157
Dividends payable	4,785,108
Income tax payable	3,596,327
Preferred shares - Series 2	4,345,937
Senior secured notes	98,896,200
Due to Conrad Black	23,380,226
Due to associated companies	9,761,803
Due to affiliated companies	67,022,267
	<u>222,325,025</u>

Long term liabilities

Future income taxes	6,210,635
---------------------	-----------

Shareholders' equity

Common shares	349,974,207
Contributed surplus	219,876,707
Deficit	(566,297,375)
	<u>3,553,539</u>

232,089,199

EXHIBIT “R”

[Return to: Previous Page](#)

Peter G. White Management Limited Provides Background to the Annual General Meeting of Hollinger Inc.

4-24-07 7:16 PM EDT

CANMORE, ALBERTA -- (MARKET WIRE) -- 04/24/07 -- Peter G. White Management Limited

1) Hollinger Inc. has fixed the date of Monday, May 7, 2007 for its Annual General Meeting of shareholders. The company's management proxy circular proposes the re-election of the current board of directors, and the appointment of Wesley Voorheis as CEO. In this connection, Hollinger shareholders and other interested parties should be aware of the following facts.

2) Two members of the current board, Mr. Voorheis and Newton Glassman, strongly opposed the privatization of Hollinger two years ago as representatives of Catalyst Fund General Partner I Inc. The proposed privatization, which was recommended by the staff of the Ontario Securities Commission, and supported by 87% of the minority shareholders who voted, as well as by the 78% controlling shareholder (the Ravelston Corporation Limited), offered minority shareholders \$7.60 a share plus a fully-funded litigation trust available to any shareholder. Nevertheless, a panel of OSC Commissioners refused to allow the privatization to proceed.

3) In the two years since the OSC rejected the privatization proposal, and under the management of the current board of directors, Hollinger's share price has declined to some 38 cents.

4) During the same period, the board has permitted Hollinger to spend \$70 million of its dwindling cash, and has failed to exercise any influence on Sun-Times Media Group (formerly Hollinger International), Hollinger Inc.'s subsidiary and only significant asset, while presiding over the destruction of 95% of Hollinger's shareholder value.

5) Meanwhile, the formerly profitable Chicago Sun-Times has become chronically unprofitable; 11 of the past 14 quarters have been unprofitable, although the company has no debt and substantial cash. More than 20% of the paid circulation of the Sun-Times has been lost. Shareholders' equity has declined by over \$500 million, and about one billion dollars of market value has disappeared (60% of the historic maximum), while CEO Gordon Paris received \$17,000 a day, or \$13 million over three years.

6) In April 2005, as a result of the OSC's refusal to allow the privatization of Hollinger, Ravelston was put into court-supervised receivership. RSM Richter was appointed receiver-monitor of Ravelston, with the obligation to conserve and protect its assets in the interests of all stakeholders. Ravelston's major asset is its controlling interest in Hollinger Inc.

7) No apparent effort has been made to curtail the cost of the court-ordered inspection of

Hollinger instigated by Mr. Glassman/Catalyst, which has cost some \$23 million to date without producing any identified useful result.

8) On March 8, 2007, Wesley Voorheis on behalf of Hollinger Inc. apparently sent a letter and settlement proposal to Cyrus Freidheim, CEO of Sun-Times Media Group (STMG) in Chicago. The proposal offered to surrender Hollinger Inc.'s multiple voting rights (rights that give Hollinger 70.1 % voting control of STMG; this voting control is Hollinger Inc.'s most valuable asset), in exchange for the forgiveness of a loan. Hollinger Inc. also proposed to co-operate with STMG to wind up and to distribute the estates of Ravelston and its subsidiaries.

9) On April 10, 2007, Hollinger issued a press release stating: "In early March 2007, Hollinger took the initiative and presented Sun-Times Media with a comprehensive proposal to resolve all matters of disagreement between them. Sun-Times Media Group has rejected that proposal. Attempts by Hollinger to continue a productive dialogue toward such a resolution are ongoing." The details of the March 8, 2007 proposal were not disclosed in this Press Release. A subsequent proposal to sell Hollinger Inc. to Sun-Times has similarly failed.

10) The current management of Hollinger has not exercised or attempted to exercise any real control over its subsidiary, STMG as the assets of that company have dissipated. Rather, Hollinger is apparently engaged in an exercise to liquidate its corporate parent, Ravelston.

Contacts:

Peter G. White Management Limited
(403) 609-4025

Return to: [Previous Page](#)

EXHIBIT “S”

-----BEGIN PRIVACY-ENHANCED MESSAGE-----

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Originator-Key-Asymmetric:

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ACCESSION NUMBER: 0000902664-07-001918

CONFORMED SUBMISSION TYPE: SC 13G

PUBLIC DOCUMENT COUNT: 1

FILED AS OF DATE: 20070529

DATE AS OF CHANGE: 20070529

SUBJECT COMPANY:

COMPANY DATA:

COMPANY CONFORMED NAME:

SUN-TIMES MEDIA GROUP INC

CENTRAL INDEX KEY:

0000868512

STANDARD INDUSTRIAL CLASSIFICATION:

NEWSPAPERS: PUBLISHING OR PUBLISHING

& PRINTING [2711]

IRS NUMBER:

953518892

STATE OF INCORPORATION:

DE

FISCAL YEAR END:

1231

FILING VALUES:

FORM TYPE:

SC 13G

SEC ACT:

1934 Act

SEC FILE NUMBER:

005-43563

FILM NUMBER:

07882389

BUSINESS ADDRESS:

STREET 1:

350 NORTH ORLEANS ST

STREET 2:

FLOOR 10 SOUTH

CITY:

CHICAGO

STATE:

IL

ZIP:

60654-1771

BUSINESS PHONE:

3123212299

MAIL ADDRESS:

STREET 1:

350 NORTH ORLEANS ST

STREET 2:

FLOOR 10 SOUTH

CITY:

CHICAGO

STATE:

IL

ZIP:

60654-1771

FORMER COMPANY:

FORMER CONFORMED NAME:

HOLLINGER INTERNATIONAL INC

DATE OF NAME CHANGE:

19951020

FORMER COMPANY:

FORMER CONFORMED NAME:

AMERICAN PUBLISHING COMPANY

DATE OF NAME CHANGE:

19940204

FILED BY:

COMPANY DATA:

COMPANY CONFORMED NAME:

DAVIDSON KEMPNER PARTNERS

CENTRAL INDEX KEY:

0000928549

IRS NUMBER:

133393346

FILING VALUES:

FORM TYPE:

SC 13G

BUSINESS ADDRESS:

STREET 1:

885 THIRD AVENUE

CITY: NEW YORK
STATE: NY
ZIP: 10022
BUSINESS PHONE: 2124464020

MAIL ADDRESS:
STREET 1: 885 THIRD AVENUE
CITY: NEW YORK
STATE: NY
ZIP: 10022

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS PURSUANT TO RULES 13d-1(b), (c)
AND (d) AND AMENDMENTS THERETO FILED PURSUANT TO 13d-2 UNDER THE
SECURITIES EXCHANGE ACT OF 1934

SUN-TIMES MEDIA GROUP, INC.
(Name of Issuer)

CLASS A COMMON STOCK, \$0.01 PAR VALUE PER SHARE
(Title of Class of Securities)

86688Q100
(CUSIP Number)

May 18, 2007
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this
Schedule is filed:

☐ Rule 13d-1(b)

☒ Rule 13d-1(c)

☐ Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting
person's initial filing on this form with respect to the subject class of
securities, and for any subsequent amendment containing information which would
alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be
deemed to be "filed" for the purpose of Section 18 of the Securities Exchange
Act of 1934 (the "Act") or otherwise subject to the liabilities of that section
of the Act but shall be subject to all other provisions of the Act (however, see
the Notes).

<PAGE>

Schedule 13G

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Davidson Kempner Partners

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
New York

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 544,511

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
544,511

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
544,511

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
0.8%

(12) TYPE OF REPORTING PERSON
PN

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 3 OF 34

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Davidson Kempner Institutional Partners, L.P.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 1,187,063

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
1,187,063

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON 1,187,063

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9) 1.8%

(12) TYPE OF REPORTING PERSON
PN

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 4 OF 34

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
M. H. Davidson & Co.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
New York

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 98,862

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
98,862

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON 98,862

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
0.2%

(12) TYPE OF REPORTING PERSON
PN

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 5 OF 34

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Davidson Kempner International, Ltd.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [x]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
British Virgin Islands

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 2,057,349

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
2,057,349

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
2,057,349

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
3.2%

(12) TYPE OF REPORTING PERSON
CO

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 6 OF 34

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Serena Limited

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐
(b) ☒

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
Cayman Islands

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 43,890

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
43,890

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
43,890

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES ☐

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
0.1%

(12) TYPE OF REPORTING PERSON
CO

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 7 OF 34

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
MHD Management Co.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐
(b) ☒

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
New York

NUMBER OF (5) SOLE VOTING POWER

SHARES -----
BENEFICIALLY (6) SHARED VOTING POWER
544,511
OWNED BY -----
EACH (7) SOLE DISPOSITIVE POWER
0
REPORTING -----
PERSON WITH (8) SHARED DISPOSITIVE POWER
544,511

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
544,511

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
0.8%

(12) TYPE OF REPORTING PERSON
PN

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 8 OF 34

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Davidson Kempner Advisers Inc.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) []
(b) [x]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
New York

NUMBER OF (5) SOLE VOTING POWER
0
SHARES -----
BENEFICIALLY (6) SHARED VOTING POWER
1,187,063
OWNED BY -----
EACH (7) SOLE DISPOSITIVE POWER
0
REPORTING -----
PERSON WITH (8) SHARED DISPOSITIVE POWER
1,187,063

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
1,187,063

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
1.8%

(12) TYPE OF REPORTING PERSON
IA

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 9 OF 34

(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Davidson Kempner International Advisors, L.L.C.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [x]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 2,101,239

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
2,101,239

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
2,101,239

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
3.2%

(12) TYPE OF REPORTING PERSON
OO

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Thomas L. Kempner, Jr.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐
(b) ☒

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 3,931,675

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES

☐

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
6.0%

(12) TYPE OF REPORTING PERSON
IN

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CUSIP No. 86688Q100

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Marvin H. Davidson

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐
(b) ☒

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
0

SHARES

BENEFICIALLY (6) SHARED VOTING POWER
3,931,675

OWNED BY

EACH (7) SOLE DISPOSITIVE POWER
0

REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
6.0%

(12) TYPE OF REPORTING PERSON
IN

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CUSIP No. 86688Q100

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Stephen M. Dowicz

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) []
(b) [x]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
0

SHARES

BENEFICIALLY (6) SHARED VOTING POWER
3,931,675

OWNED BY

EACH (7) SOLE DISPOSITIVE POWER
0

REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT

IN ROW (9) EXCLUDES CERTAIN SHARES

[]

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
6.0%

(12) TYPE OF REPORTING PERSON
IN

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CUSIP No. 86688Q100

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Scott E. Davidson

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 3,931,675

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES

[]

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
6.0%

(12) TYPE OF REPORTING PERSON
IN

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CUSIP No. 86688Q100

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Michael J. Leffell

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 3,931,675

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES

[]

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
6.0%

(12) TYPE OF REPORTING PERSON
IN

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Timothy I. Levart

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United Kingdom & United States

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
3,931,675
OWNED BY -----

EACH (7) SOLE DISPOSITIVE POWER
0
REPORTING -----

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
6.0%

(12) TYPE OF REPORTING PERSON
IN

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Robert J. Brivio, Jr.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
0
SHARES -----

BENEFICIALLY (6) SHARED VOTING POWER
3,931,675
OWNED BY -----

EACH (7) SOLE DISPOSITIVE POWER
0
REPORTING -----

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9) 6.0%

(12) TYPE OF REPORTING PERSON
IN

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Eric P. Epstein

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐
(b) ☒

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 3,931,675

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES

[]

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9) 6.0%

(12) TYPE OF REPORTING PERSON
IN

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Anthony A. Yoseloff

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐
(b) ☒

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 3,931,675

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
3,931,675

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
3,931,675

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES ☐

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
6.0%

(12) TYPE OF REPORTING PERSON
IN

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(1) NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Avram Z. Friedman

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐
(b) ☒

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY	(6)	SHARED VOTING POWER	
		3,931,675	
OWNED BY	-----		
EACH	(7)	SOLE DISPOSITIVE POWER	
		0	
REPORTING	-----		
PERSON WITH	(8)	SHARED DISPOSITIVE POWER	
		3,931,675	

	(9)	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
		3,931,675	

	(10)	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES	[]

	(11)	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)	
		6.0%	

	(12)	TYPE OF REPORTING PERSON IN	

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ITEM 1(a). NAME OF ISSUER:

Sun-Times Media Group, Inc. (the "Company")

ITEM 1(b). ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

350 North Orleans St, 10-S
Chicago, IL 60654

ITEM 2(a). NAME OF PERSON FILING:

This Statement is filed by each of the entities and persons listed below,
all of whom together are referred to herein as the "Reporting Persons":

- (i) Davidson Kempner Partners, a New York limited partnership ("DKP");
- (ii) Davidson Kempner Institutional Partners, L.P., a Delaware limited partnership ("DKIP");
- (iii) M. H. Davidson & Co., a New York limited partnership ("CO");
- (iv) Davidson Kempner International, Ltd., a British Virgin Islands corporation ("DKIL");
- (v) Serena Limited, a Cayman Islands corporation ("Serena");
- (vi) MHD Management Co., a New York limited partnership and the general partner of DKP ("MHD");
- (vii) Davidson Kempner Advisers Inc., a New York corporation and the general partner of DKIP ("DKAI"), which is registered as an investment adviser with the U.S. Securities and Exchange Commission;

- (viii) Davidson Kempner International Advisors, L.L.C., a Delaware limited liability company and the manager of DKIL and Serena ("DKIA"); and
- (ix) Messrs. Thomas L. Kempner, Jr., Marvin H. Davidson, Stephen M. Dowicz, Scott E. Davidson, Michael J. Leffell, Timothy I. Levart, Robert J. Brivio, Jr., Anthony A. Yoseloff, Eric P. Epstein and Avram Z. Friedman (collectively, the "Principals"), who are the general partners of CO and MHD, the sole managing members of DKIA and the sole stockholders of DKAI.

ITEM 2(b). ADDRESS OF PRINCIPAL BUSINESS OFFICE:

The address of the principal business office of each of the Reporting Persons is c/o Davidson Kempner Partners, 65 East 55th Street, 19th Floor, New York, New York 10022.

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ITEM 2(c). CITIZENSHIP:

- (i) DKP - a New York limited partnership
- (ii) DKIP - a Delaware limited partnership
- (iii) CO - a New York limited partnership
- (iv) DKIL - a British Virgin Islands corporation
- (v) Serena - a Cayman Islands corporation
- (vi) MHD - a New York limited partnership
- (vii) DKAI - a New York corporation
- (viii) DKIA - a Delaware limited liability company
- (ix) Thomas L. Kempner, Jr. - United States
- (x) Marvin H. Davidson - United States
- (xi) Stephen M. Dowicz - United States
- (xii) Scott E. Davidson - United States
- (xiii) Michael J. Leffell - United States
- (xiv) Timothy I. Levart - United Kingdom & United States
- (xv) Robert J. Brivio, Jr. - United States
- (xvi) Eric P. Epstein - United States
- (xvii) Anthony A. Yoseloff - United States
- (xviii) Avram Z. Friedman - United States

ITEM 2(d). TITLE OF CLASS OF SECURITIES:

CLASS A COMMON STOCK, \$0.01 PAR VALUE PER SHARE

ITEM 2(e). CUSIP NUMBER:

86688Q100

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ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO 13d-1(b) OR 13d-2(b) OR (c), CHECK WHETHER THE PERSON FILING IS A:

- (a) ☐ Broker or dealer registered under Section 15 of the Act;
- (b) ☐ Bank as defined in Section 3(a)(6) of the Act;
- (c) ☐ Insurance Company as defined in Section 3(a)(19) of the Act;
- (d) ☐ Investment Company registered under Section 8 of the Investment Company Act of 1940;
- (e) ☐ Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940: see Rule 13d-1(b)(1)(ii)(E);
- (f) ☐ Employee Benefit Plan, Pension Fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or Endowment Fund; see Rule 13d-1(b)(1)(ii)(F);
- (g) ☐ Parent Holding Company, in accordance with Rule 13d-1(b)(ii)(G);
- (h) ☐ Savings Associations as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) ☐ Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940;
- (j) ☐ Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

ITEM 4. OWNERSHIP.

The Principals may be deemed to beneficially own an aggregate of 3,931,675 shares as a result of their voting and dispositive power over the 3,931,675 shares beneficially owned by DKP, DKIP, DKIL, Serena, and CO.

DKIA may be deemed to beneficially own the 2,057,349 shares beneficially owned by DKIL and the 43,890 shares beneficially owned by Serena as a result of its voting and dispositive power over those shares. DKAI may be deemed to beneficially own the 1,187,063 shares beneficially owned by DKIP as a result of its voting and dispositive power over those shares. MHD may be deemed to beneficially own the 544,511 shares beneficially owned by DKP as a result of its voting and dispositive power over those shares.

A. DKP

- (a) Amount beneficially owned: 544,511
- (b) Percent of class: 0.8%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 544,511

(iii) sole power to dispose or to direct the disposition: 0

(iv) shared power to dispose or to direct the disposition: 544,511

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B. DKIP

(a) Amount beneficially owned: 1,187,063

(b) Percent of class: 1.8%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 1,187,063

(iii) sole power to dispose or to direct the disposition: 0

(iv) shared power to dispose or to direct the disposition: 1,187,063

C. CO

(a) Amount beneficially owned: 98,862

(b) Percent of class: 0.2%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 98,862

(iii) sole power to dispose or to direct the disposition: 0

(iv) shared power to dispose or to direct the disposition: 98,862

D. DKIL

(a) Amount beneficially owned: 2,057,349

(b) Percent of class: 3.2%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 2,057,349

(iii) sole power to dispose or to direct the disposition: 0

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(iv) shared power to dispose or to direct the disposition: 2,057,349

E. Serena

(a) Amount beneficially owned: 43,890

(b) Percent of class: 0.1%

- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 43,890
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 43,890

F. MHD

- (a) Amount beneficially owned: 544,511
- (b) Percent of class: 0.8%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 544,511
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 544,511

G. DKAI

- (a) Amount beneficially owned: 1,187,063
- (b) Percent of class: 1.8%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 1,187,063
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 1,187,063

H. DKIA

- (a) Amount beneficially owned: 2,101,239

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- (b) Percent of class: 3.2%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 2,101,239
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 2,101,239

I. Thomas L. Kempner, Jr.

- (a) Amount beneficially owned: 3,931,675

- (b) Percent of class: 6.0%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 3,931,675
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 3,931,675

J. Marvin H. Davidson

- (a) Amount beneficially owned: 3,931,675
- (b) Percent of class: 6.0%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 3,931,675
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 3,931,675

K. Stephen M. Dowicz

- (a) Amount beneficially owned: 3,931,675
- (b) Percent of class: 6.0%

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- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 3,931,675
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 3,931,675

L. Scott E. Davidson

- (a) Amount beneficially owned: 3,931,675
- (b) Percent of class: 6.0%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 3,931,675
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 3,931,675

M. Michael J. Leffell

- (a) Amount beneficially owned. 3,931,675

(b) Percent of class: 6.0%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 3,931,675

(iii) sole power to dispose or to direct the disposition: 0

(iv) shared power to dispose or to direct the disposition: 3,931,675

N. Timothy I. Levart

(a) Amount beneficially owned: 3,931,675

(b) Percent of class: 6.0%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

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(ii) shared power to vote or to direct the vote: 3,931,675

(iii) sole power to dispose or to direct the disposition: 0

(iv) shared power to dispose or to direct the disposition: 3,931,675

O. Robert J. Brivio, Jr.

(a) Amount beneficially owned: 3,931,675

(b) Percent of class: 6.0%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 3,931,675

(iii) sole power to dispose or to direct the disposition: 0

(iv) shared power to dispose or to direct the disposition: 3,931,675

P. Eric P. Epstein

(a) Amount beneficially owned: 3,931,675

(b) Percent of class: 6.0%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 3,931,675

(iii) sole power to dispose or to direct the disposition: 0

(iv) shared power to dispose or to direct the disposition: 3,931,675

Q. Anthony A. Yoseloff

- (a) Amount beneficially owned: 3,931,675
- (b) Percent of class: 6.0%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 3,931,675
 - (iii) sole power to dispose or to direct the disposition: 0

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- (iv) shared power to dispose or to direct the disposition: 3,931,675

R. Avram Z. Friedman

- (a) Amount beneficially owned: 3,931,675
- (b) Percent of class: 6.0%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 3,931,675
 - (iii) sole power to dispose or to direct the disposition: 0
 - (iv) shared power to dispose or to direct the disposition: 3,931,675

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS.

Not applicable.

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.

The partners, members or stockholders of each of the Reporting Persons, including the Principals, have the right to participate in the receipt of dividends from, or proceeds from the sale of, the securities held for the account of such Reporting Person in accordance with their ownership interests in such Reporting Person. The Reporting Persons disclaim all beneficial ownership as affiliates of a registered investment adviser, and, in any case, disclaim beneficial ownership except as to the extent of their pecuniary interest in the shares. The Reporting Persons have elected to file Schedule 13G although such filing may not be required under the Act.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY.

Not applicable.

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.

See Item 4.

ITEM 9. NOTICE OF DISSOLUTION OF GROUP.

Not applicable.

<PAGE>

Schedule 13G
CUSIP No. 86688Q100

PAGE 29 OF 34

ITEM 10. CERTIFICATION. (if filing pursuant to Rule 13d-1(c))

Each of the Reporting Persons hereby makes the following certification:

By signing below we certify that, to the best of our knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

<PAGE>

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CUSIP No. 86688Q100

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SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

DATED: May 29, 2007

DAVIDSON KEMPNER PARTNERS
By: MHD Management Co.,
its General Partner

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Managing Partner

DAVIDSON KEMPNER INSTITUTIONAL
PARTNERS, L.P.
By: Davidson Kempner Advisers Inc.,
its General Partner

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: President

M.H. DAVIDSON & CO.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Managing Partner

DAVIDSON KEMPNER INTERNATIONAL, LTD.
By: Davidson Kempner International
Advisors, L.L.C.,
its Investment Manager

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Executive Managing Member

SERENA LIMITED
By: Davidson Kempner International
Advisors, L.L.C.,
its Investment Manager

SCH 13G by DK (May 29-07).txt
/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Executive Managing Member

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Schedule 13G
CUSIP No. 86688Q100

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MHD MANAGEMENT CO.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Managing Partner

DAVIDSON KEMPNER ADVISERS INC.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: President

DAVIDSON KEMPNER INTERNATIONAL
ADVISORS, L.L.C.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Executive Managing Member

/s/ Thomas L. Kempner, Jr.

Thomas L. Kempner, Jr.

/s/ Marvin H. Davidson

Marvin H. Davidson

/s/ Stephen M. Dowicz

Stephen M. Dowicz

/s/ Scott E. Davidson

Scott E. Davidson

/s/ Michael J. Leffell

Michael J. Leffell

/s/ Timothy I. Levart

Timothy I. Levart

/s/ Robert J. Brivio, Jr.

Robert J. Brivio, Jr.

/s/ Eric P. Epstein

Eric P. Epstein

/s/ Anthony A. Yoseloff

Anthony A. Yoseloff

Avram Z. Friedman

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Schedule 13G
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EXHIBIT 1

JOINT ACQUISITION STATEMENT

PURSUANT TO RULE 13d-1(k)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13G is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13G, shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

DATED: May 29, 2007

DAVIDSON KEMPNER PARTNERS
By: MHD Management Co.,
its General Partner

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Managing Partner

DAVIDSON KEMPNER INSTITUTIONAL
PARTNERS, L.P.
By: Davidson Kempner Advisers Inc.,
its General Partner

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: President

M.H. DAVIDSON & CO.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Managing Partner

DAVIDSON KEMPNER INTERNATIONAL, LTD.
By: Davidson Kempner International
Advisors, L.L.C.,
its Investment Manager

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Executive Managing Member

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Schedule 13G
CUSIP No. 86688Q100

PAGE 33 OF 34

SERENA LIMITED
By: Davidson Kempner International
Advisors, L.L.C.,
its Investment Manager

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Executive Managing Member

MHD MANAGEMENT CO.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Managing Partner

DAVIDSON KEMPNER ADVISERS INC.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: President

DAVIDSON KEMPNER INTERNATIONAL
ADVISORS, L.L.C.

/s/ Thomas L. Kempner, Jr.

Name: Thomas L. Kempner, Jr.
Title: Executive Managing Member

/s/ Thomas L. Kempner, Jr.

Thomas L. Kempner, Jr.

/s/ MARVIN H. DAVIDSON

Marvin H. Davidson

/s/ Stephen M. Dowicz

Stephen M. Dowicz

/s/ Scott E. Davidson

Scott E. Davidson

/s/ Michael J. Leffell

Michael J. Leffell

/s/ Timothy I. Levart

Timothy I. Levart

/s/ Robert J. Brivio, Jr.

Robert J. Brivio, Jr.

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SCH 13G by DK (May 29-07).txt
/s/ Eric P. Epstein

Eric P. Epstein

/s/ Anthony A. Yoseloff

Anthony A. Yoseloff

/S/ Avram Z. Friedman

Avram Z. Friedman

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-----END PRIVACY-ENHANCED MESSAGE-----

EXHIBIT “T”

Davidson Kempner
Capital Management LLC

COPY

JUN 25 RECD

65 East 55th Street, 19th Floor
New York, New York 10022
Tel (212) 446-4000
Fax (212) 371-4318

June 22, 2007

Mr. Wesley Voorheis
Chief Executive Office

Mr. Stanley M. Beck, QC
Chairman of the Board

The Board of Directors
Hollinger, Inc.
120 Adelaide Street West
Suite 512
Toronto, ONT Canada
M5H 1T1
Via Fax: 416 364-0832 and Fed-Ex

Gentlemen:

I read your press release of last night regarding the engagement of VC & Co. and Mr. Voorheis. While I will likely have more comments after the agreement is filed, it definitely looks like "Black is Back" at Hollinger.

Our firm owns approximately 50% of the financial debt of Hollinger and your actions can have a serious impact on our recovery. This is an outrageous and double counting fee structure that will continue to waste the corporate assets at the expense of creditors. Hollinger is an insolvent entity and should begin acting like one. Your bonds are in default and just because the holders have not accelerated, does not mean the company is on solid financial footing. This agreement is further indicia of your continuing culture of waste and disregard for your creditors.

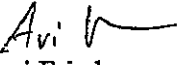
It is not clear to me how many people work on this engagement for VC & Co., but I assume that Mr. Voorheis is the sole person on this job. I would like to see the information the board reviewed before deciding to retain Mr. Voorheis or VC & Co at this fee structure. I am hard pressed to find a precedent to what amounts to a single asset company with no operations paying this amount of money for a Chief Executive. This all comes on the heels of paying the an exceptionally generous separation payment to the previous Chief Executive Officer recently.

Mr. Voorheis' job is to unwind the company. I don't think there is dispute about that. Yet in addition to the \$900,000 annual salary you promised him, he is also getting a success fee to essentially just do his job (and most likely any other job he takes on in his consulting practice). Further, it is unclear if the success fees are additive in an event that the "resolution" with the bondholders also disposes of the SVN shares. Also curious, is the fee you agreed to pay him for the sale of Sun Times as a company, which is completely outside his control. And to add insult to injury, you agreed to pay a change in control fee, if "VC & Co terminate the agreement for Good Reason, which includes any termination by VC & Co during the three-month period commencing on the date which is 90 days following such a change of control (emphasis added)". So, first you pay a salary to do a deal. Then you pay a success fee, to do the deal. And finally, you pay a change in control fee, because a deal got done.

The bonds are impaired if you use the trading price of SVN class A shares as a proxy. Yet you agreed to pay \$1.2 million to refinance or reach a "resolution" with the bondholders. And then another \$1.4 million to dispose of the bondholders' collateral where after "resolution" with the bondholder, there is a ready public market available to dispose of the shares. This fee structure is unacceptable if it impairs our recovery and would be contrary to our reasonable expectations as to the conduct of you and the Board. We will not agree to a restructuring that pays us anything short of our contractual obligations while paying a "success" fee to management.

Be advised, that we will hold you responsible for your actions, if you cause us harm. We reserve our rights to accelerate the bonds we own and demand full cash payment.

Sincerely,


Avi Friedman
Managing Member

cc: Jim Riley – Goodmans LLP

HOLLINGER INC.

Wesley Voorheis Named Chief Executive Officer

TORONTO – June 20, 2007 – Hollinger Inc. (TSX:HLG.C) (TSX:HLG.PR.B) announced that it has today entered into a definitive agreement pursuant to which Wesley Voorheis has been appointed as Chief Executive Officer of Hollinger.

Under the terms of the agreement, which is effective as of April 16, 2007, VC & Co. Incorporated, a corporation controlled by Mr. Voorheis, will be paid a base fee of \$75,000 per month. VC & Co. will also be paid \$169,500 in respect of accomplishments of Mr. Voorheis since he began rendering executive services to Hollinger on January 15, 2007.

VC & Co. will also be eligible for additional milestone fees based on substantial completion of certain milestone achievements. These include a milestone fee of \$1.2 million upon substantial completion of a refinancing of Hollinger's outstanding senior notes or a resolution of the outstanding issues with the holders of the senior notes and, provided this milestone has been achieved, an additional milestone fee of \$1.4 million upon the completion of (i) the sale or other disposition by Hollinger of substantially all of its shares of Sun-Times Media Group, Inc., (ii) the sale or other disposition of a majority of the outstanding common shares of Hollinger in a transaction that is supported by Hollinger's board of directors, or (iii) the sale or other disposition of all or substantially all the assets of Hollinger or Sun-Times.

Mr. Voorheis was issued options on May 7, 2007 to acquire 1,000,000 common shares of Hollinger at the then current market price. In the event that, during the 12 months following January 15, 2007, Hollinger issues additional common shares or securities which are convertible into, or carry the right to receive or provide Hollinger with the right to issue, additional common shares (or other equity-like securities), VC & Co. will be entitled, upon Mr. Voorheis exercising any such options, to an additional cash payment in certain circumstances.

The agreement also provides for certain payments to VC & Co. in specified circumstances where the agreement is terminated in connection with a change of control of Hollinger occurring on or after August 15, 2007. These circumstances include where VC & Co. terminates the agreement for Good Reason, which includes any termination by VC & Co. during the three-month period commencing on the date which is 90 days following such a change of control.

A copy of the agreement will be available shortly at www.sedar.com.

Company Profile

Hollinger's principal asset is its approximately 70.1% voting and 19.7% equity interest in Sun-Times Media Group, Inc. (formerly Hollinger International Inc.), a newspaper publisher with assets which include the Chicago Sun-Times and a large number of community newspapers in the Chicago area. Further information can be obtained at www.hollingerinc.com.

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CONTACT INFORMATION

Media Contact

William E. Aziz
Chief Financial Officer
(416) 363-8721 ext 262

baziz@hollingerinc.com

EXHIBIT “U”

Hollinger

TELEPHONE: (416) 363-8721
FAX: (416) 363-4187

July 5, 2007

BY FAX AND EMAIL

Mr. Avi Friedman
Managing Member
Davidson Kempner Capital Management LLC
65 East 55th Street
19th Floor
New York, NY 10022
U.S.A.

Dear Mr. Friedman:

The directors of Hollinger Inc. have received and reviewed your letter of June 22, 2007 and have asked me to respond to it.

We are well aware that Davidson Kempner owns approximately 50% of the Senior Notes issued by Hollinger and that the Senior Notes are in default. We are also well aware that your interest as a significant stakeholder of Hollinger Inc. must be appropriately considered in the exercise of our fiduciary duty to act in the best interests of Hollinger and all its stakeholders.

We are advised by Mr. Voorheis that he has had numerous confidential discussions with you concerning the activities of Hollinger Inc. and that he has recently offered to provide you with details of the settlement discussions currently ongoing with Sun-Times Media Group, Inc., provided Davidson Kempner executes an appropriate form of confidentiality agreement that safeguards the interests of Hollinger Inc. This agreement is required in part because of our concern over the recent purchases of shares of Sun-Times Media by Davidson Kempner following what Hollinger thought were confidential conversations with Mr. Voorheis about the affairs of Hollinger.

We are still prepared to discuss the status and details of the ongoing settlement discussions with STMG with you provided an appropriate form of agreement can be entered into. We provided a draft agreement to you at your request on June 15, 2007, but we have still not heard from you.

There are many assertions in your letter of June 22, 2007 which are simply not correct. Hollinger is not a single asset company. Hollinger's assets include complicated legal claims against a number of sophisticated and well-financed third parties.

The issues facing Hollinger are significant. Its Senior Notes are in default. Its relationship with Sun-Times Media is mired in complicated litigation and a myriad of other cross-claims. The control block of Hollinger is controlled by RSM Richter as receiver and Hollinger's former controlling shareholder waits in the wings pending the outcome of his trial in Chicago. A strategic process must be designed and implemented by Hollinger in the complicated circumstances it faces that will allow it to maximize the value of its investment in STMG, refinance the Senior Notes and resolve the many legal claims in which Hollinger is involved, both as plaintiff and defendant.

The directors believe that Hollinger must have available to it a senior executive with the skills and experience necessary to develop and implement a strategic plan that can resolve these issues and maximize the value of Hollinger for the benefit of all its stakeholders. The directors also believe that there was sufficient urgency that a lengthy selection process was not an option and that someone with knowledge of the issues was invaluable.

As I am sure you are aware, Mr. Voorheis' prior experience includes prominent roles in many of Canada's high profile corporate frauds. It is this experience that resulted in his involvement as a special advisor to Catalyst Capital which commenced in 2004 and resulted in his appointment to the board of directors of Hollinger in May 2006. We believe that Mr. Voorheis is uniquely qualified to manage the strategic issues facing Hollinger and to supervise complex litigation in which Hollinger is involved.

As you know, Mr. Voorheis runs a successful advisory business. He advised us that he would not become Hollinger's Chief Executive Officer unless we provided him with a compensation package that appropriately compensated him for his loss of income and opportunities at Voorheis & Co. LLP and for the uncertainties as to duration and risk arising from an executive position at Hollinger. Mr. Voorheis' compensation was also driven in part by the compensation package of his predecessor which provided for a base salary of \$75,000 per month and incentive payments based on milestones similar to those contained in Mr. Voorheis' contract. Mr. Glassman advised the board that, based on his experience, he believed that Mr. Voorheis' compensation package was reasonable and fair in the circumstances.

In addition, we retained Towers Perrin to review Mr. Voorheis' compensation package and Towers Perrin confirmed for the Board the compensation package was both fair and reasonable in the circumstances. Towers Perrin also advised us that it was highly unlikely that Hollinger could engage an appropriate candidate as CEO for less compensation than that being provided to Mr. Voorheis.

Your speculation about fees upon fees upon fees is not accurate. Once you have had an opportunity to review the agreement, I would be pleased to discuss any remaining concerns that you have.

Your characterization that "Black is Back" is not constructive. I hope in the future that we can have an informed and constructive dialogue about legitimate issues and concerns that you have so that you can believe, as we believe, that the Board of Hollinger is acting in the best interests of Hollinger Inc. and all its stakeholders.

Yours very truly,

A handwritten signature in black ink, appearing to read 'MH Hodgson', with a long horizontal flourish extending to the right.

Patrick Hodgson
Director

EXHIBIT “V”

Hollinger Inc., 4322525 Canada Inc. and Sugra
Limited, (collectively the "Applicants")
Weekly Cash Flow Projection
For the Period August 1, 2007 to January 4, 2008

		Notes	1 Friday 03-Aug	2 Friday 10-Aug	3 Friday 17-Aug	4 Friday 24-Aug	5 Friday 31-Aug	6 Friday 07-Sep	7 Friday 14-Sep	8 Friday 21-Sep	9 Friday 28-Sep
	C\$ 000s										
Opening Cash Balance		1	1,404	82	-	-	-	-	5,350	5,080	4,240
Receipts											
Dividends			-	-	-	-	-	-	-	-	-
Interest income		2	5	-	-	-	-	-	-	-	-
Other		3	-	-	-	-	-	6,046	-	-	-
Intercompany Accounts Receivable		4	-	553	1,083	610	917	-	-	-	-
Total receipts			5	553	1,083	610	917	6,046	-	-	-
Disbursements											
Payroll & Benefits		5	(4)	(17)	(1)	(17)	-	(21)	-	(19)	-
Directors Fees		6	-	-	(59)	-	-	-	-	(59)	-
Legal Fees (including retainers)		7	(643)	-	(393)	-	(393)	-	-	(393)	-
Chapter 15 Legal Fees (US)		8	(268)	(268)	(268)	(268)	(268)	(268)	(134)	(134)	(134)
CCAA Legal Fees (Canada)		9	(175)	(175)	(175)	(175)	(175)	(175)	(90)	(90)	(90)
CCAA Monitor Fees		10	(75)	(75)	(75)	(75)	(75)	(75)	(40)	(40)	(40)
Contractor Fees		11	(47)	-	(80)	-	-	(47)	-	(80)	-
Advisors		12	(85)	(100)	(15)	(75)	(7)	(78)	(7)	(8)	(82)
Interest on Senior Secured Notes		13	-	-	-	-	-	-	-	-	-
Operating Costs related to building		14	(10)	-	-	-	-	(10)	-	-	-
Taxes		15	(22)	-	-	-	-	(22)	-	-	-
Other		16	-	-	(18)	-	-	-	-	(18)	-
Total Disbursements			(1,328)	(635)	(1,083)	(610)	(917)	(696)	(270)	(840)	(345)
Net Cash Inflow / Outflow			(1,323)	(82)	-	-	-	5,350	(270)	(840)	(345)
Closing Cash Balance			82	-	-	-	-	5,350	5,080	4,240	3,895

See accompanying notes and assumptions which should be read in conjunction herewith

Hollinger Inc., 4322525 Canada Inc. and Sugra
Limited, (collectively the "Applicants")
Weekly Cash Flow Projection
For the Period August 1, 2007 to January 4, 2008

C\$ 000s	Notes	10 Friday 05-Oct	11 Friday 12-Oct	12 Friday 19-Oct	13 Friday 26-Oct	14 Friday 02-Nov	15 Friday 09-Nov	16 Friday 16-Nov	17 Friday 23-Nov	18 Friday 30-Nov	19 Friday 07-Dec
Opening Cash Balance	1	3,895	3,085	2,797	1,975	1,612	798	511	-	-	-
Receipts											
Dividends		-	-	-	-	-	-	-	-	-	-
Interest income	2	8	-	-	-	4	-	-	-	-	0
Other	3	-	-	-	-	-	-	-	-	-	-
Intercompany Accounts Receivable	4	-	-	-	-	-	-	232	442	657	448
Total receipts		8	-	-	-	4	-	232	442	657	448
Disbursements											
Payroll & Benefits	5	(4)	(17)	(1)	(17)	(4)	(17)	(1)	(17)	-	(21)
Directors Fees	6	-	-	(59)	-	-	-	(59)	-	-	-
Legal Fees (including retainers)	7	(393)	-	(393)	-	(393)	-	(393)	-	(393)	-
Chapter 15 Legal Fees (US)	8	(134)	(134)	(134)	(134)	(134)	(134)	(134)	(134)	(134)	(134)
CCAA Legal Fees (Canada)	9	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
CCAA Monitor Fees	10	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)
Contractor Fees	11	(47)	-	(80)	-	(47)	-	-	(80)	-	(47)
Advisors	12	(78)	(7)	(8)	(82)	(78)	(7)	(8)	(82)	-	(85)
Interest on Senior Secured Notes	13	-	-	-	-	-	-	-	-	-	-
Operating Costs related to building	14	(10)	-	-	-	(10)	-	-	-	-	(10)
Taxes	15	(22)	-	-	-	(22)	-	-	-	-	(22)
Other	16	-	-	(18)	-	-	-	(18)	-	-	-
Total Disbursements		(818)	(287)	(823)	(362)	(818)	(287)	(743)	(442)	(657)	(448)
Net Cash Inflow / Outflow		(810)	(287)	(823)	(362)	(814)	(287)	(511)	-	-	-
Closing Cash Balance		3,085	2,797	1,975	1,612	798	511	-	-	-	-

See accompanying notes and assumptions which should be read in conjunction herewith

Hollinger Inc., 4322525 Canada Inc. and Sugra
Limited, (collectively the "Applicants")
Weekly Cash Flow Projection
For the Period August 1, 2007 to January 4, 2008

C\$ 000s	Notes	20 Friday 14-Dec	21 Friday 21-Dec	22 Friday 28-Dec	23 Friday 04-Jan
Opening Cash Balance	1	-	-	-	-
Receipts					
Dividends		-	-	-	-
Interest income	2	-	-	-	-
Other	3	-	-	-	-
Intercompany Accounts Receivable	4	265	845	339	824
Total receipts		265	845	339	824
Disbursements					
Payroll & Benefits	5	(1)	(17)	-	(4)
Directors Fees	6	-	(59)	-	-
Legal Fees (including retainers)	7	-	(393)	-	(393)
Chapter 15 Legal Fees (US)	8	(134)	(134)	(134)	(134)
CCAA Legal Fees (Canada)	9	(90)	(90)	(90)	(90)
CCAA Monitor Fees	10	(40)	(40)	(40)	(40)
Contractor Fees	11	-	(80)	-	(47)
Advisors	12	-	(15)	(75)	(85)
Interest on Senior Secured Notes	13	-	-	-	-
Operating Costs related to building	14	-	-	-	(10)
Taxes	15	-	-	-	(22)
Other	16	-	(18)	-	-
Total Disbursements		(265)	(845)	(339)	(824)
Net Cash Inflow / Outflow		-	-	-	-
Closing Cash Balance		-	-	-	-

See accompanying notes and assumptions which should be read in conjunction herewith

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

**Cash Flow Projection
Notes and Assumptions**

These cash flow projections include cash flow projections for Hollinger Inc, 4322525 Canada Inc. and Sugra Limited, (collectively the "Applicants").

The actual timing and amount of the cash flows may fluctuate from the estimates shown herein and these fluctuations may be material.

Foreign Exchange Rate used for projection based on Bank of Canada Rate closing Rate as of June 15, 2007 **1.07**

1) The Cash balance is shown in thousands of Canadian dollars and excludes the amounts held in trust by Aird & Berlis for the officers' indemnity trust. The opening cash balance includes approximately \$0.6 million held in a bank account in the name of Holcay Holdings, a wholly owned subsidiary of Hollinger Inc. It is assumed that any cash held by Holcay Holdings is available for use by the Applicants.

2) Interest income is estimated based on projected cash balances and actual recent rates of return. No provision has been made for interest, fees or other charges in connection with any borrowings that may be required.

3) Hollinger Inc through Holcay Holdings, currently owns the Cayman Islands Free Press. The company is entering into a transaction to sell the Cayman Islands Free Press, with total net proceeds estimated to be \$6.1 million. This transaction is expected to close during the first week of September 2007 and it is assumed that the sale proceeds would be available to the Applicants.

4) Intercompany accounts receivable consist of intercompany repayments from 10 Toronto Street, a wholly owned subsidiary of Hollinger Inc. 10 Toronto owes Hollinger Inc. approximately \$9.6 million and has agreed to repay up to \$7.5 million of the intercompany balance during the period.

5) Payroll and benefits represent a reimbursement to 10 Toronto by Hollinger for 50% of the total employee related costs, including payroll, benefits and prefilling severance costs.

6) Directors fees assume one monthly meeting of the BOD and each committee.

7) Legal fees represent payment on account of current litigation both for the benefit of and against the companies.

8) Chapter 15 Legal Fees reflect the estimated legal fees associated with a Chapter 15 filing and certain other US legal issues.

9) CCAA Legal Fees reflect the estimated legal fees of both the Company's and Monitor's respective counsel.

10) CCAA Monitor Fees reflect the estimated monitor fees associated with a CCAA filing.

11) Contractor Fees represent fees paid to individuals for services rendered to the Applicants.

12) Advisor Fees represent payments to various professionals including the Inspector, auditors, transfer agent and others.

13) Interest on Senior Secured Notes of approximately \$6.0 million is payable is twice a year in March and September. The projection assumes that these payments would be stayed by CCAA filing.

14) Operating Costs (re building) represent a reimbursement to Domgroup by Hollinger for 50% of the total Adelaide and Wellington offices lease costs and operating costs.

15) Taxes represent GST and monthly instalments of corporate tax. The projection does not include any receipts or disbursements as a result of reassessments or penalty payments on late filings.

16) Other includes sundry expenses including computer support, TSX fees and other disbursements.

17) The projections do not include any potential recoveries due to successful litigation or miscellaneous asset sales.

See accompanying notes and assumptions which should be read in conjunction herewith

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.

ONTARIO

SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding Commenced at Toronto

AFFIDAVIT OF G. WESLEY VOORHEIS
SWORN JULY 31, 2007

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

Robert I. Thornton – 24266B 1B
D.J. Miller – 34393P 1D
Kyla E.M. Mahar – 44182G

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

Solicitors for the Applicants

TAB 3

Court File No.

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

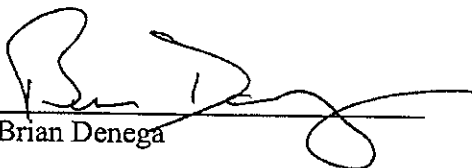
Applicants

CONSENT

ERNST & YOUNG INC. hereby consents to act as Monitor in respect of the proceedings commenced by the Applicants pursuant to the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36, as amended, if so appointed by this Honourable Court.

DATED at Toronto this 30th day of July, 2007.

Ernst & Young Inc.


Brian Denega

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.

ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding Commenced at Toronto

**CONSENT OF THE MONITOR
DATED JULY 30, 2007**

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100 Wellington St. West, P.O. Box 329
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Solicitors for the Applicants

TAB 4

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	WEDNESDAY, THE 1 ST
	)	
JUSTICE MORAWETZ	)	DAY OF AUGUST, 2007

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **HOLLINGER INC., 4322525 CANADA INC.**
AND SUGRA LIMITED (the "**Applicants**")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of G. Wesley Voorheis sworn July 31, 2007 and the Exhibits thereto, on hearing the submissions of counsel for the Applicants and on reading the consent of Ernst & Young Inc. to act as the Monitor, and upon being advised that counsel for Sun-Times Media Group, Inc. ("**STMG**") and Davidson Kempner Partners have received very short notice of the commencement of this proceeding,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**") between, *inter alia*, the Applicants and one or more classes of their secured and/or unsecured creditors as they deem appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Advisors**") currently retained or employed by them, with liberty to retain such further Advisors as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, compensation, salaries, employee and pension benefits, vacation pay, retention or similar bonuses or payments, and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies, arrangements and agreements;

- (b) the fees and disbursements of any Advisors retained or engaged by the Applicants in respect of these proceedings or otherwise, at their standard rates and charges; and
- (c) the fees and disbursements of the Inspector appointed pursuant to an Order dated October 14, 2004 and amended October 26, 2004 under the *Canada Business Corporations Act* (Canada) in Action No. 04-CL-5441 in the Ontario Superior Court of Justice, Commercial List (the "**Inspector Action**"), the Inspector's counsel and any other service providers previously retained by the Inspector, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada, any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

9. **THIS COURT ORDERS** that the Applicants shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$2,000,000 in any one transaction or \$5,000,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;

- (c) repudiate such of their arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicants deem appropriate on such terms as may be agreed upon between the Applicants and such counterparties, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (d) pursue all avenues of refinancing and offers for material parts of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a) and (b), above),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

10. **THIS COURT ORDERS** that until and including August 30, 2007, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, trustee, collateral agent, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) exempt the Applicants from compliance with statutory or regulatory provisions

relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

12. **THIS COURT ORDERS** that during the Stay Period no exercise of rights by any Person, whether by way of enforcement or otherwise, and no proceeding, enforcement step or action of any kind shall be taken by any Person that could have the effect of or result in:

- (a) a sale, transfer or disposal of the shares of Class B common stock of STMG owned by any of the Applicants, to a party that is not a subsidiary or affiliate of Hollinger Inc.; or
- (b) the shares of Class B common stock of STMG being automatically converted into shares of Class A common stock of STMG,

including, without limitation, a transfer to or registration of the shares of Class B common stock of STMG in the name of such Person or its nominee(s).

NO INTERFERENCE WITH RIGHTS

13. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

14. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including, without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that

the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no creditor of the Applicants shall be under any obligation after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs 5(a), 7(a), 7(b) and 7(c) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

18. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for the indemnity provided in paragraph 17 of this Order. The Directors' Charge shall have the priority set out in paragraphs 31 and 33 herein.

19. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 17 of this Order.

APPOINTMENT OF MONITOR

20. **THIS COURT ORDERS** that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants' conduct of the Business, with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Advisors shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

21. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicants in their preparation of the Applicants' cash flow statements;

- (d) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (e) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the books, records, management, employees and advisors of the Applicants and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (h) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

23. **THIS COURT ORDERS** that nothing contained herein shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and

regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession of such Property.

24. **THIS COURT ORDERS** that the Monitor shall not be required or compelled to provide any information obtained by it in performing its role as Inspector pursuant to the Orders of the Honourable Justice Campbell in the Inspector Action as a result of its appointment herein as Monitor including, without limitation, by way of testimony in any proceeding in any court in Canada or the United States of America brought by or against any person or entity related to or affiliated in any way with the business of the Applicants.

25. **THIS COURT ORDERS** that the Monitor shall protect the confidentiality of such information not forming part of the public record in the Inspector Action, shall be subject to the direction of the Court supervising the Inspector Action with respect to any ongoing role as Inspector of the Applicant and that in the event of any uncertainty or conflict concerning the ongoing role of the Inspector, the Inspector shall apply to the Court supervising the Inspector Action, and to the Court supervising this proceeding where necessary, for advice and directions.

26. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis and, in addition, the Applicants are hereby authorized to pay to (i) the Monitor and its counsel, and (ii) Canadian and U.S. counsel to the Applicants, retainers in the amounts of CDN\$150,000.00 and \$300,000.00, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel and financial advisor shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,900,000.00, to be allocated among the beneficiaries of such charge as they may determine amongst themselves, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and all such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 31 and 33 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

31. **THIS COURT ORDERS** that the priorities of the Directors' Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$1,900,000.00); and

Second – Directors' Charge (to the maximum amount of \$500,000.00).

32. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge and the Administration Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

33. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

34. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

35. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to

borrowings, incurring debt or the creation of Encumbrances contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SERVICE AND NOTICE

36. **THIS COURT ORDERS** that the Applicants shall, within ten (10) business days of the date of entry of this Order, send a notice of the issuance of this Order to its known creditors, other than employees and creditors to which the Applicants owe less than \$1,000.00, at their addresses as they appear on the Applicants' records, and shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

37. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such

service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

38. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at: www.ey.com/ca/restructuring.

GENERAL

39. **THIS COURT ORDERS** that the Applicants or the Monitor may, from time to time, apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

40. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

EFFECT, RECOGNITION, ASSISTANCE

41. **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 of America, the states and other subdivisions of the United States of America, including, without limitation, the U.S. Bankruptcy Court, and other nations and 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 and any other Order in this proceeding. 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, to grant representative status to Hollinger Inc. and/or the Monitor in any foreign proceeding and to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order and any other Order in this

proceeding, including without limitation recognizing the Applicants' CCAA proceeding as a foreign main proceeding under applicable law.

42. **THIS COURT ORDER** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and this proceeding and for assistance in carrying out the terms of this Order and any other Order granted by this Court and to recognize or give effect to or otherwise further the Restructuring.

43. **THIS COURT ORDERS** that, for the purposes of seeking the aid and recognition of any court or any judicial, regulatory or administrative body outside of Canada and in particular in the U.S. Bankruptcy Court in respect of proceedings commenced under Chapter 15 of the *U.S. Bankruptcy Code* and any ancillary relief in respect thereto, Hollinger Inc. shall be appointed as and is hereby authorized and directed to act as the foreign representative of the Applicants and to seek such aid in recognition.

DIRECTIONS, FURTHER RELIEF AND VARIATION

44. **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.

EFFECTIVE TIME

45. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date 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.

ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding Commenced at Toronto

**INITIAL ORDER
DATED AUGUST 1, 2007**

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Solicitors for the Applicants

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**SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding Commenced at Toronto

**APPLICATION RECORD
(RETURNABLE ON AUGUST 1, 2007)**

(VOLUME II OF II)

ThorntonGroutFinnigan LLP
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