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IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
MR REGISTRAR BUCKLEY

No 002798 of 96

IN THE MATTER OF THE TELEGRAPH PLC

-and-

IN THE MATTER OF THE COMPANIES ACT 1985



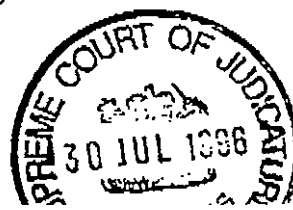
UPON the Petition of the above-named company, The Telegraph plc (hereinafter called "the Company") whose registered office is situate at 1 Canada Square, Canary Wharf, London E14 5DT on 28 June 1996 preferred unto this Court

AND UPON HEARING Counsel for the Company, and for First DT Holdings Limited and TelHoldco Inc. referred to in the Scheme of Arrangement hereinafter mentioned

AND UPON READING the documents recorded on the Court File as having been read

AND EACH OF THE SAID First DT Holdings Limited and TelHoldco Inc. by its Counsel submitting to be bound by the Scheme of Arrangement hereinafter sanctioned and undertaking to execute all such documents and do all acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to such Scheme of Arrangement

THIS COURT HEREBY SANCTIONS the Scheme of Arrangement as set forth in the Schedule to the said Petition and in the First Schedule hereto

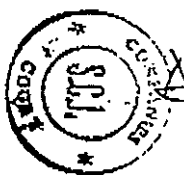


AND THIS COURT CONFIRMS the reduction of the capital of the Company from £23,000,000 to £18,095,071.60 resolved on and effected by a Special Resolution passed at an Extraordinary General Meeting of the Company held on 26 June 1996

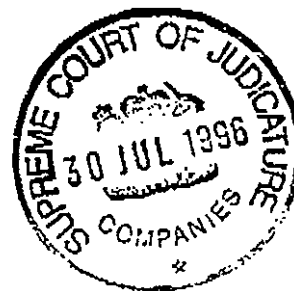
AND THIS COURT HEREBY APPROVES the Minute set forth in the Second Schedule hereto

AND IT IS ORDERED that this Order be produced to the Registrar of Companies and that an office copy be delivered to him together with a copy of the said Minute

AND IT IS ORDERED that notice of the registration by the Registrar of Companies of this Order (so far as it confirms the reduction of the capital of the Company) and of the said Minute be published once in "The Daily Telegraph" newspaper within 21 days after such registration.



Dated: 24th July 1996



**FIRST SCHEDULE
SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. 002798 of 1996

**IN THE MATTER OF
THE TELEGRAPH PLC**

**AND IN THE MATTER OF
THE COMPANIES ACT 1985**

SCHEME OF ARRANGEMENT
(Under section 425 of the Companies Act 1985)

between

THE TELEGRAPH PLC

and

(i) THE HOLDERS OF SCHEME SHARES

and

(ii) FDTH

and

(iii) TELHOLDCO

(as hereinafter respectively defined)

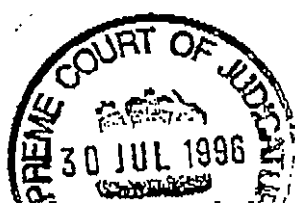


THE SCHEME

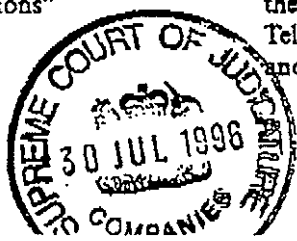
(A) In this Scheme (as hereinafter defined), unless inconsistent with the subject or context, the following expressions have the following meanings:

"A\$"	Australian dollars;
"Additional Transfer Shares"	Transfer Shares issued after the First Record Time but before the Second Record Time;
"Business Day"	any day (excluding Saturdays and Sundays) on which banks are open for business in London;
"Bonus Payments"	the payments described as "Bonus Payments" in the Proposal Letters;
"Cancellation Shares"	the Scheme Shares other than the Transfer Shares;
"Cash Consideration"	the sum of 560p for each Scheme Share;
"Contingent Cash Payment"	the contingent cash payment, particulars of which are set out in the First Schedule to the Scheme;

"Court"	the High Court of Justice in England and Wales;
"Court Meeting"	the meeting of Relevant Telegraph Shareholders (or any adjournment thereof) convened for the purpose of considering the Scheme;
"Early Termination Payments"	the payments described as "Early Termination Payments" in the Proposal Letters;
"Effective Date"	the day on which the Scheme becomes effective in accordance with clause 13(a) of the Scheme;
"Extraordinary General Meeting"	the extraordinary general meeting of The Telegraph (or any adjournment thereof), notice of which is set out on pages 73 to 78 of the document circulated to Telegraph Shareholders with the Scheme;
"Fairfax"	John Fairfax Holdings Limited (a company incorporated under the laws of the Australian Capital Territory);
"Fairfax Loan Note Alternative"	the loan note alternative under which Scheme Shareholders (other than Prohibited Persons) may elect to receive in Fairfax Loan Notes, on the basis set out in the Scheme, the cash amount to which they would otherwise be entitled under the Contingent Cash Payment;
"Fairfax Loan Note Instrument"	the loan note instrument by which the Fairfax Loan Notes are to be constituted, a draft of which, subject to modification, has for the purpose of identification been marked "A" and subscribed by Simmons & Simmons of 21 Wilson Street, London EC2M 2TX, solicitors;
"Fairfax Loan Notes"	the floating rate guaranteed unsecured loan notes of £1 each of FDTH which may be required to be issued under the Fairfax Loan Note Alternative;
"FDTH"	First DT Holdings Limited (registered in England under number 2629934), an indirect subsidiary of Hollinger;
"FDTH Loan Note Alternative"	the loan note alternative under which Scheme Shareholders (other than Prohibited Persons) may elect to receive in FDTH Loan Notes, on the basis set out in the Scheme, all or part of the Cash Consideration to which they would otherwise be entitled to under the Proposals;
"FDTH Loan Note Instrument"	the loan note instrument by which the FDTH Loan Notes are to be constituted, a draft of which, subject to modification, has for the purpose of identification been marked "B" and subscribed by Simmons & Simmons of 21 Wilson Street, London EC2M 2TX, solicitors;
"FDTH Loan Notes"	floating rate guaranteed unsecured loan notes 2001 of £1 each of FDTH to be issued under the FDTH Loan Note Alternative;
"First Record Time"	4.00 pm on the Business Day immediately preceding the date on which the Court Order is made;
"Hearing Date"	the date of the hearing by the Court of the Petition to sanction this Scheme;
"holder"	includes any person entitled by transmission;
"Hollinger International"	Hollinger International Inc. (a corporation incorporated under the laws of the State of Delaware);
"Independent Accountant"	a firm of chartered accountants to be chosen by agreement between Hollinger International and Rothschilds from the major accounting firms in the UK within a period of 30 days from the date of the



	disposal or deemed disposal of the Relevant Fairfax Shares and, failing such agreement, to be chosen from such accounting firms by the President of the Institute of Chartered Accountants in England and Wales within a further period of 30 days;
"New Preference Shares"	the 2.5 per cent. cumulative voting redeemable preference shares of £16.80 each of The Telegraph, to be created pursuant to paragraph (b)(vi) and carrying the rights set out in paragraph (d)(ii) of the resolution to be proposed at the Extraordinary General Meeting;
"new Telegraph Shares"	the "B" ordinary shares of 10 pence each in the capital of The Telegraph to be created in accordance with clause 1(b) of the Scheme, such shares to carry the rights conferred by the resolution referred to in recital (E) in the preliminary to the Scheme;
"Petition"	the petition filed at the Court seeking an order sanctioning the Scheme under section 425 of the Companies Act 1985 and confirming under section 137 of the said Act the reduction of capital in The Telegraph provided for in Clause 1 of the Scheme;
"Prohibited Persons"	Scheme Shareholders having an address on the register of members of The Telegraph in the US, Canada or Australia;
"Proposal Letters"	the letters sent to optionholders under the Telegraph Share Option Schemes and to holders of Special Options containing the proposals referred to in recital (F) in the preliminary to the Scheme and describing the Bonus Payments and the Early Termination Payments;
"Relevant Fairfax Shares"	shall have the meaning given in the First Schedule to the Scheme;
"Relevant Telegraph Shareholders"	Telegraph Shareholders other than FDTH and TelHoldco;
"Purchase Option"	the option which (subject to clause 14(b) of the Scheme) is to be granted by FDTH to each Scheme Shareholder pursuant to clauses 3, 4 and 8 of the Scheme, particulars of which are set out in the Second Schedule to the Scheme;
"Rothschilds"	N M Rothschild & Sons Limited;
"Scheme"	this scheme of arrangement under section 425 of the Companies Act 1985 in its present form or with any modification, addition or condition approved or imposed by the Court;
"Scheme Shareholders"	holders of Scheme Shares;
"Scheme Shares"	the Telegraph Shares (other than those held by FDTH and TelHoldco) in issue at 5.00 p.m. on the Business Day immediately preceding the date on which the resolution approving the Scheme is passed by the statutory majority and such other Telegraph Shares (if any) as may be issued thereafter but before the Second Record Time and which are issued on terms that they are bound by the Scheme;
"Second Record Time"	5.00 p.m. on the Business Day immediately preceding the date on which the Court Order is drawn up and perfected;
"Sharesave Schemes"	the Telegraph Sharesave Scheme and the West Ferry Printers Sharesave Scheme;
"Special Options"	the options granted under the option agreements between The Telegraph and each of Messrs Daniel W Colson, Charles H Moore and Patrick J Weever;



"Statement"	the explanatory statement required to be furnished pursuant to section 426 of the Companies Act 1985 and circulated to Telegraph Shareholders with the Scheme;
"Telegraph Shareholders"	holders of Telegraph Shares;
"Telegraph Share Option Schemes"	the Telegraph Executive Share Option Scheme, the Telegraph Sharesave Scheme and the West Ferry Printers Sharesave Scheme;
"Telegraph Shares"	the issued ordinary shares of 10p each in the capital of The Telegraph from time to time;
"TelHoldco"	TelHoldco Inc. (a corporation incorporated under the laws of the State of Delaware);
"The Telegraph"	The Telegraph plc (registered in England under number 451593);
"Transfer Shares"	(i) those of the Scheme Shares in respect of which at the First Record Time a valid election has been made and remains in force for one or both of the FDTH Loan Note Alternative and the Fairfax Loan Note Alternative and (ii) those of the Scheme Shares which are issued after the First Record Time but before the Second Record Time;
"\$" or dollars	United States dollars;
"US"	the United States of America its territories and possessions, any state of the United States of America, any other areas subject to its jurisdiction and the District of Columbia;
"valid election"	in relation to the FDTH Loan Note Alternative or the Fairfax Loan Note Alternative, an election which is valid and is not deemed to have been revoked in accordance with the Scheme; and
"West Ferry Printers"	West Ferry Printers Limited.

(B) The authorised share capital of The Telegraph at the date of the Scheme is £23,000,000 divided into 180,000,000 ordinary shares of 10 pence each, of which 136,620,396 are in issue and fully paid up or credited as fully paid, and the remainder are unissued, and 5,000,000 7 per cent. cumulative redeemable preference shares of £1 each (the "Preference Shares"), all of which are in issue and fully paid up or credited as fully paid up. FDTH holds 80,237,138 of the Telegraph Shares and TelHoldco holds 7,000,000 of the Telegraph Shares. FDTH also holds all of the Preference Shares.

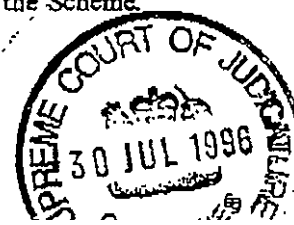
(C) The purpose of the Scheme is to provide for the acquisition by FDTH of the Telegraph Shares not already held by FDTH or TelHoldco.

(D) Subject to the Scheme becoming effective, The Telegraph proposes to pay a special dividend of 10p (net) per share to Telegraph Shareholders at the Second Record Time.

(E) The Extraordinary General Meeting has been convened for the same date as the Court Meeting for the purpose, *inter alia*, of implementing the Scheme, creating the new Telegraph Shares to be issued pursuant to clause 1 of the Scheme and creating the New Preference Shares to be issued pursuant to clause 8 of the Scheme.

(F) In connection with the Scheme, proposals are being put to holders of options under the Telegraph Share Option Schemes and the Special Options which are explained in the Proposal Letters and which include the making of Bonus Payments and Early Termination Payments either (i) by The Telegraph or (ii) by West Ferry Printers on the basis that West Ferry Printers will be paid by The Telegraph in respect of the payments which it makes.

(G) Each of The Telegraph, FDTH and TelHoldco has agreed to appear by counsel on the hearing of the Petition, to consent to the Scheme and to undertake to the Court to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to the Scheme.



1. Cancellation of Cancellation Shares and the issue of new Telegraph Shares

(a) The capital of The Telegraph shall be reduced by cancelling and extinguishing the Cancellation Shares.

(b) Forthwith and contingently upon the reduction of capital referred to in clause 1(a) of the Scheme taking effect:

- (i) the capital of The Telegraph shall be increased by the creation of such number of new Telegraph Shares as is equal to the number of Cancellation Shares;
- (ii) the credit arising in the books of account of The Telegraph as a result of the reduction of capital referred to in clause 1(a) of the Scheme shall be capitalised and applied by The Telegraph in paying up in full the new Telegraph Shares which shall be allotted and issued, credited as fully paid, to FDTH or its nominee(s).

2. Acquisition of Transfer Shares

(a) With effect from the Effective Date, FDTH shall acquire all the Transfer Shares free from all liens, equities, charges, encumbrances and other third party rights and together with all rights at the date of the Scheme or hereafter attaching thereto including the right to receive and retain all dividends and other distributions other than the special dividend of 10p (net) per share to be paid by The Telegraph if the Scheme becomes effective.

(b) For such purpose, the Transfer Shares shall be transferred to FDTH or its nominee(s) and to give effect to such transfers any person may be appointed by FDTH to execute as transferor an instrument of transfer of any Transfer Shares and every instrument of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Transfer Shares thereby transferred.

3. Consideration for cancellation of Cancellation Shares

In consideration of:

- (a) the cancellation of the Cancellation Shares; and
- (b) the issue to FDTH and/or its nominee(s) of the new Telegraph Shares as provided in clause 1 of the Scheme;

FDTH:

(aa) shall pay to holders of the Cancellation Shares at the First Record Time:

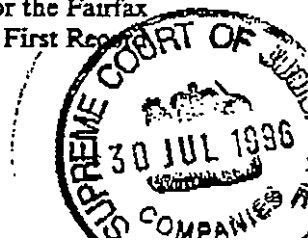
- (i) the sum of 560p in respect of each Cancellation Share then held by them respectively;
- (ii) such further sum as may be payable in accordance with clause 6 of the Scheme; and

(bb) subject to clause 14(b) of the Scheme, hereby grants the Purchase Option to each holder of Cancellation Shares.

4. Consideration for transfer of Transfer Shares

In consideration of the transfer of the Transfer Shares, FDTH:

- (a) shall, in the case of Transfer Shares in respect of which a valid election has been made for the FDTH Loan Note Alternative, issue FDTH Loan Notes to the holders of such shares as at the First Record Time in accordance with clause 5 of the Scheme;
- (b) shall, in the case of Transfer Shares not falling within sub-clause (a) above, pay to the holders thereof as at the First Record Time (or, in the case of Additional Transfer Shares, at the Second Record Time) the sum of 560p in respect of each such Transfer Share then held by them respectively;
- (c) shall, in the case of Transfer Shares in respect of which a valid election has been made for the Fairfax Loan Note Alternative, issue Fairfax Loan Notes to the holders of such shares as at the First Record Time in accordance with clause 7 of the Scheme;



otherwise have been entitled to a fraction of a Fairfax Loan Note a cash sum equal to the amount of the fractional entitlement concerned.

(d) An election to receive Fairfax Loan Notes shall be made by duly completing the Fairfax Form of Election sent to Scheme Shareholders with the Scheme in accordance with the instructions thereon and by sending or delivering the same to New Issues Department, Independent Registrars, PO Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH so as to arrive no later than 3.00 p.m. on 16th July, 1996.

(e) Every such election shall be signed, or in the case of a body corporate executed, in accordance with the Fairfax Form of Election by or on behalf of the holder, or in the case of joint holdings by or on behalf of all the joint holders of the Scheme Shares to which it relates.

(f) An election to receive Fairfax Loan Notes so completed and lodged shall be irrevocable save that in any case where a Scheme Shareholder transfers any Scheme Share the subject of a Fairfax Form of Election such election by such holder to receive the Fairfax Loan Notes in respect of such Scheme Share shall be deemed to have been revoked upon registration of such transfer.

(g) The provisions of this clause shall be subject to any prohibition or condition imposed by law.

(h) Notwithstanding any other provision in this Scheme, the Fairfax Loan Note Alternative shall not be available to Prohibited Persons and such holders shall be entitled to receive the Contingent Cash Payment only.

8. Purchase Option

(a) Subject to clause 14(b) of the Scheme, FDTH hereby grants to each Scheme Shareholder the Purchase Option.

(b) Subject as aforesaid, if a Scheme Shareholder exercises the Purchase Option in accordance with the terms and conditions set out in the Second Schedule to the Scheme, FDTH shall transfer New Preference Shares to him in accordance with the said terms and conditions or (at FDTH's election) settle the Purchase Option by making the Settlement Payment (as defined and calculated in accordance with the terms and conditions contained in the said Schedule).

9. Special dividend

The Scheme shall not affect the rights of holders of Telegraph Shares at the Second Record Time to receive and retain, subject only to the Scheme becoming effective, the special dividend of 10p (net) per share to be paid within 21 days of the Effective Date.

10. Payments

(a) As soon as practicable after the Effective Date and in any event not more than 21 days thereafter, FDTH shall deliver, or procure the delivery of, to all Scheme Shareholders, cheques for the Cash Consideration and certificates for FDTH Loan Notes to be issued under clause 5 of the Scheme in accordance with their respective elections at the risk of the person(s) entitled thereto.

(b) Within 21 days of the Scheme becoming effective, The Telegraph shall pay the special dividend of 10p (net) per share to the holders of Telegraph Shares at the Second Record Time in accordance with the provisions of clause 9 of the Scheme.

(c) Town clearing cheques required to be delivered under the Scheme shall be payable to Scheme Shareholders (in the case of the Cash Consideration and the Contingent Cash Payment) and to holders of Telegraph Shares (in the case of the special dividend referred to in clause 9 of the Scheme) and the encashment of any such cheque shall be a complete discharge to FDTH or The Telegraph (as the case may be) for the money represented thereby.

(d) All deliveries of cheques and certificates (if any) in respect of the FDTH Loan Notes and/or Fairfax Loan Notes required by the Scheme shall be effected by FDTH by duly posting the same in prepaid envelopes addressed to the Scheme Shareholders respectively entitled thereto at their respective addresses as



appearing in the register of members of The Telegraph at the First Record Time (or, in the case of holders of Additional Transfer Shares, at the Second Record Time) or, in the case of joint holdings, at the address of that one of the joint holders whose name stands first in such register (except, in either case, as otherwise directed in writing) and neither FDTH nor The Telegraph shall be responsible for any loss or delay in transmission of cheques or certificates (if any) sent in accordance with this clause 10(d) of the Scheme.

(e) Each mandate in force at the Second Record Time relating to the payment of dividends on the Scheme Shares shall, unless and until revoked, be deemed as from the Effective Date to be a valid and effective mandate to FDTH in relation to interest on the FDTH Loan Notes and Fairfax Loan Notes to be issued pursuant to the Scheme.

(f) The provisions of this clause 10 of the Scheme shall be subject to any prohibition or condition imposed by law.

11. Certificates

As from and including the Effective Date, all certificates representing Scheme Shares shall cease to be valid for any purpose and each holder of Scheme Shares shall be bound on request to deliver up the same to The Telegraph.

12. Bonus Payments and Early Termination Payments

The Telegraph shall:

(a) make such Bonus Payments and Early Termination Payments as it shall be obliged to make as a result of acceptance by optionholders under the Telegraph Executive Share Option Scheme, the Telegraph Sharesave Scheme and the Special Options of proposals made to such optionholders in the Proposal Letters; and

(b) pay West Ferry Printers an amount equal to any such payments together with any employer's National Insurance contributions payable in respect thereof (and any VAT on such amount) as may be made by West Ferry Printers under an obligation to make the same as a result of acceptance of such proposals by optionholders under the West Ferry Printers Sharesave Scheme.

13. Operation of the Scheme

(a) The Scheme shall become effective as soon as an office copy of the order of the Court sanctioning the Scheme under section 425 of the Companies Act 1985 and confirming under section 137 of the Companies Act 1985 the reduction of the share capital of The Telegraph provided for by clause 1 of the Scheme shall have been delivered by The Telegraph to the Registrar of Companies for registration and be registered by him.

(b) Unless the Scheme shall become effective on or before 30th September, 1996 or such later date (if any) as FDTH and The Telegraph may agree and the Court may permit, the Scheme shall never become effective.

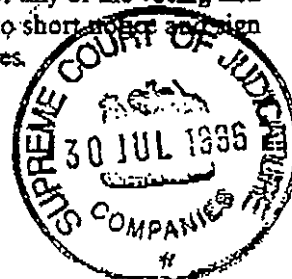
14. Modification

(a) FDTH and The Telegraph may jointly consent, on behalf of all persons affected, to any modification of or addition to the Scheme or to any condition approved or imposed by the Court.

(b) Without prejudice to the generality of the foregoing, FDTH and The Telegraph may agree, on behalf of all persons affected, to the Scheme becoming effective in a modified form so as to exclude the grant of the Purchase Option.

(c) The authority granted pursuant to clause 2(b) above to any person appointed by FDTH to execute instruments of transfer in respect of the Transfer Shares shall be extended so as to authorise the persons nominated by FDTH to act as the attorney of each such shareholder to exercise all or any of the voting and other rights (including, without limitation, the rights to nominate a proxy, consent to short notice and sign written resolutions of the new FDTH shareholders) attached to the Transfer Shares.

Dated 31st May, 1996.



FIRST SCHEDULE

PARTICULARS OF THE CONTINGENT CASH PAYMENT

In the circumstances described in this First Schedule, Scheme Shareholders will be entitled to receive the Contingent Cash Payment calculated in accordance with the provisions hereof.

1. In the event of a disposal, or an agreement to dispose, by the Hollinger International Group of any of the shares or convertible debentures in Fairfax held by the Hollinger International Group at 24th April, 1996 or the shares in Fairfax subsequently held by the Hollinger International Group as a result of conversion of convertible debentures held by the Hollinger International Group at 24th April, 1996 (collectively the "Fairfax Shares") in the period between 24th April, 1996 and two years from the Effective Date (the "Relevant Period"), FDTH shall pay to Scheme Shareholders in respect of each disposal of Fairfax Shares (the Fairfax Shares disposed of on each such disposal being hereinafter referred to as "the Relevant Fairfax Shares") an amount calculated as follows:

$$A = \frac{B + C - R}{D \times E} \quad \text{where:}$$

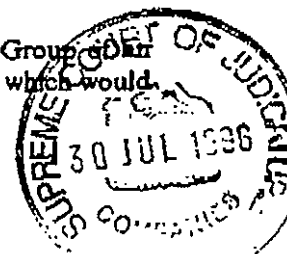
- A = the additional amount payable in cash to Scheme Shareholders for each Scheme Share expressed in pounds sterling;
- B = the net cash proceeds or other consideration in, or translated into, Australian dollars, received on that disposal of the Relevant Fairfax Shares, made or contracted within the Relevant Period;
- C = any receipt by the Hollinger International Group within the Relevant Period in the form of cash in respect of the Relevant Fairfax Shares as a result of any dividend payment or other distribution to Fairfax shareholders except the payment of cash dividends in the ordinary course of business and the payment of interest on the convertible debentures in the ordinary course of business;
- R = the value in Australian dollars of the Relevant Fairfax Shares at a price of A\$3.00 per Relevant Fairfax Share, provided however that the price of A\$3.00 shall be adjusted to reflect any change in capital affecting the value of Relevant Fairfax Shares within the Relevant Period, including, without limitation, a distribution effecting a return of capital including a stock dividend, a rights offering, an issue of warrants, a stock subdivision, consolidation or capitalisation or any similar transaction of any nature having like effect;
- D = means the total number of Telegraph Shares at the Second Record Time; and
- E = the value of £1 expressed in Australian dollars based on the Bank of England noon buying rate prevailing on the date of a disposal of the Relevant Fairfax Shares.

In calculating B, proceeds will be net of:

- (a) any net liabilities to Australian, Dutch or UK taxation paid or payable by the Hollinger International Group (taking into account any Australian, Dutch or UK credits and/or repayments available in respect thereof) arising on the disposal of the Relevant Fairfax Shares and the distribution of the proceeds of such disposal, disregarding any reliefs, losses or deductions in relation to taxation which may at the relevant time be available to reduce such taxation liabilities; and
- (b) any reasonable costs of the Hollinger International Group associated with the disposal of the Relevant Fairfax Shares, the distribution of the proceeds of such disposal and the satisfaction by FDTH of the Contingent Cash Payment.

If the consideration received on any disposal of Fairfax Shares is other than a cash amount the value of such consideration will be determined by the Independent Accountant (acting as expert and not arbitrator).

2. In the event of any disposal, or agreement to dispose, by the Hollinger International Group or an intermediate entity within the Hollinger International Group (an "Intermediate Entity") which would

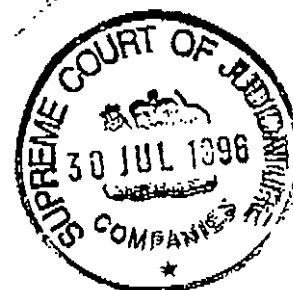


have the effect of removing the control over, or beneficial entitlement to, any Fairfax Shares from the Hollinger International Group, there shall be deemed for the purposes of this First Schedule to be a disposal of such Relevant Fairfax Shares and FDTH shall pay to Scheme Shareholders in respect of such disposal an amount calculated in accordance with the provisions of paragraph 1 above and so that, in applying the provisions of sub-paragraphs (a) and (b), references to "Relevant Fairfax Shares" shall be construed as references to shares of the Intermediate Entity, save that such amount shall be determined by the Independent Accountant as to the proceeds attributable to the Relevant Fairfax Shares for the purposes of calculating B in accordance with paragraph 1 above.

3. In the event of any transaction in the Relevant Period in relation to Relevant Fairfax Shares (other than a disposal, or agreement to dispose, referred to in paragraphs 1 and 2 above) which has the effect, direct or indirect, of realising value (other than value realised as a result of the continued ownership of the Fairfax Shares by the Hollinger International Group) for the benefit of the Hollinger International Group, FDTH shall be deemed for the purposes of this First Schedule to have disposed of such Relevant Fairfax Shares and shall pay to each Scheme Shareholder an amount equal to a just and equitable proportion of that value (to the extent of the increase from the value referred to in R set out above, as adjusted therein) attributable to the Scheme Shares held by him. Such amount shall be determined by the Independent Accountant (acting as expert and not arbitrator).
4. For the purposes of this First Schedule:
 - (i) the grant or creation by the Hollinger International Group of any lien, charge, mortgage, hypothec, encumbrance or other security interest, howsoever described, over any or all of the Fairfax Shares or the securities of any Intermediate Entity; and
 - (ii) any disposal to, or agreement to dispose to, or other transaction with, a member of the Hollinger International Group (which for the purposes of this paragraph 4(ii) shall mean Hollinger International and its holding companies and subsidiary companies (as defined in the Act)) in respect of the Fairfax Shares or the securities of any Intermediate Entity;shall not constitute, or be deemed to constitute, a disposal of Fairfax Shares or the securities of any Intermediate Entity.
5. For the purposes of this First Schedule an agreement to dispose shall include an option over or the right to convert or exchange debt or securities of the Hollinger International Group into, or for, Fairfax Shares or securities of an Intermediate Entity provided that if any such option or right of conversion or exchange is exercised after the Relevant Period, B shall be calculated by reference to the effective option, conversion or exchange price in effect at the end of the Relevant Period.
6. The terms on which the Fairfax Shares or any securities of any Intermediate Entity may be disposed of, or agreed to be disposed of, during the Relevant Period by the Hollinger International Group shall be in the sole and unfettered discretion of the Hollinger International Group. If no Fairfax Shares are disposed of, or deemed to be disposed of, or no binding agreement to dispose of any Fairfax Shares or securities of any Intermediate Entity has been agreed, by the Hollinger International Group within the Relevant Period, then all rights to the Contingent Cash Payment shall cease and determine absolutely. The right to receive the Contingent Cash Payment is a claim solely against FDTH and does not confer, nor shall it be deemed to confer upon the holder thereof any direct or indirect interest of any kind whatsoever in Fairfax, the Fairfax Shares or in, or in the securities of, any Intermediate Entity.
7. The amounts in paragraph 1 shall be determined by the Hollinger International Group and, if applicable, the Independent Accountant as soon as is reasonably practicable in accordance with the provisions of this First Schedule, and a certificate of FDTH setting out such determination in reasonable detail shall accompany any Contingent Cash Payment. Any such determination shall be *prima facie* evidence of the amounts set out therein in the absence of manifest error.
8. In the event that Fairfax Shares are, or are deemed to be disposed of, or agreed to be disposed of, within the Relevant Period in two or more transactions, the Contingent Cash Payment shall be an amount equal to the sum, if a positive amount, of the positive values and negative values determined in respect of each such transaction.



9. Any Contingent Cash Payment under paragraphs 1, 2 and 3 above will be made by FDTH as soon as reasonably practicable following the determination of A, or, as the case may be, the aggregate of the amounts of A after the earliest of (i) the expiry of the Relevant Period if no agreement to effect a disposal or deemed disposal of Relevant Fairfax Shares has been entered into by the Hollinger International Group which remains to be completed, (ii) the date prior to the expiry of the Relevant Period on which all Fairfax Shares have been disposed of, or deemed to be disposed of, by the Hollinger International Group and (iii) if an agreement to effect a disposal or deemed disposal of Relevant Fairfax Shares has been entered into by the Hollinger International Group within the Relevant Period and remains to be completed, completion of such agreement and receipt of the proceeds payable thereunder.



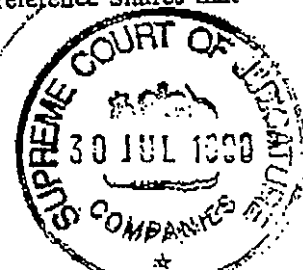
SECOND SCHEDULE

PARTICULARS OF THE PURCHASE OPTION

Each Scheme Shareholder will receive, as further consideration for his Scheme Shares, the right, upon the terms and subject to the conditions set out below, to require FDTH to transfer to him that number of fully paid New Preference Shares as will provide such Scheme Shareholder with at least the same percentage of the voting rights of The Telegraph as such Scheme Shareholder held immediately prior to the Scheme becoming effective, assuming the exercise of all options under the Telegraph Share Option Schemes and the Special Options.

The particulars of the Purchase Option are as follows:

1. The exercise price (the "Exercise Price") for each New Preference Share will be £16.80.
2. The Purchase Option may only be exercised by each Scheme Shareholder in whole and not in part.
3. The number of New Preference Shares required to satisfy the Purchase Option in accordance with the provisions of this Schedule shall be determined by FDTH, whose determination shall (in the absence of manifest error) be binding on Scheme Shareholders. Any fractional entitlement to New Preference Shares arising from such determination shall be rounded up to the nearest whole number.
4. Scheme Shareholders who wish to exercise the Purchase Option should apply to FDTH c/o The Secretary, The Telegraph, 1 Canada Square, Canary Wharf, London E14 5DT to receive a notice of exercise form ("the Notice of Exercise") which will contain details of the procedures to be followed.
5. The Purchase Option may only be exercised on the second anniversary of the Effective Date (the "Expiry Date").
6. In order to exercise the Purchase Option a Scheme Shareholder must complete the Notice of Exercise strictly in accordance with the instructions contained therein and forward it to FDTH c/o The Secretary, The Telegraph, 1 Canada Square, Canary Wharf, London E14 5DT to be received no later than the close of business on the Business Day prior to the Expiry Date and accompanied by a cheque drawn on a London clearing bank payable to First DT Holdings Limited for the aggregate Exercise Price, together with an undertaking to pay any stamp duty payable upon the transfer of New Preference Shares to such Scheme Shareholder. Failure to comply with the relevant instructions in the Notice of Exercise will result in the relevant Scheme Shareholder's Purchase Option expiring unexercised.
7. If a Purchase Option is exercised, FDTH will have the right, at its election, to retain the aggregate Exercise Price received pursuant to paragraph 6 and to settle the Purchase Option by means of a cash payment (the "Settlement Payment") rather than by delivery of New Preference Shares. The amount of the Settlement Payment will be an amount per New Preference Share, in sterling, equal to the product of (i) 560p and (ii) a fraction, the numerator of which is the weighted average of the closing market prices of Hollinger International Class A common stock ("Class A stock") on the New York Stock Exchange ("NYSE") on the twenty-one trading days prior to the Expiry Date and the denominator of which is \$12.375, being the closing market price of the Class A stock on the NYSE on 23rd April, 1996 (the dealing day prior to the announcement of the Proposals).
8. In the event that The Telegraph has been dissolved or converted into an unlimited company prior to the Expiry Date, any exercise of the Purchase Option will be settled by means of the Settlement Payment.
9. FDTH shall, within 21 days after the Expiry Date, despatch cheques in respect of Settlement Payments or certificates in respect of New Preference Shares, as the case may be, in settlement of its obligations in respect of Purchase Options that have been exercised.
10. The provisions of article 164(2) of the articles of association of The Telegraph will not apply to the New Preference Shares.
11. It is anticipated that FDTH will exercise its right to settle its obligations by means of the Settlement Payment in respect of Purchase Options exercised by residents of any overseas jurisdictions in which a prospectus or similar document may be required in connection with the New Preference Shares that would otherwise be delivered or transferred on exercise of the Purchase Option.



SECOND SCHEDULEMinute approved by the Court

"The capital of The Telegraph plc was by virtue of a Special Resolution and with the sanction of an Order of the High Court of Justice dated 24 July 1996 reduced from £23,000,000 divided into 5,000,000 7 per cent cumulative redeemable preference shares of £1 each and 180,000,000 ordinary shares of 10p each to £18,095,071.60 divided into 5,000,000 7 per cent cumulative redeemable preference shares of £1 each and 130,950,716 ordinary shares of 10p each. By virtue of a Scheme of Arrangement sanctioned by the said Order and a further provision of the said Special Resolution (to the effect that upon the said Scheme of Arrangement becoming effective the capital of the Company be increased by the creation of 100,000,000 2.5 per cent cumulative voting redeemable preference shares of £16.80 each) the capital of the Company at the date of the registration of this Minute is £1,703,000,000 divided into 100,000,000 2.5 per cent cumulative voting redeemable preference shares of £16.80 each, 5,000,000 7 per cent cumulative preference shares of £1 each and 180,000,000 ordinary shares of 10p each of which all the said preference shares of £1 each and 88,882,513 of the said ordinary shares have been issued and are deemed to be fully paid up and all the said preference shares of £16.80 each and the remainder of the said ordinary shares are unissued".

