

March 18, 2005

Our File No.: 04-4040

DELIVERED BY COURIER

Ontario Securities Commission
20 Queen Street West
P.O. Box 55, Suite 1900
Toronto, Ontario
M5H 2S8

Attention: The Secretary to the Commission

Dear Sirs/Mesdames:

**Re: Hollinger Inc. - Applications for Variance Orders Under
Section 144 of the Securities Act (Ontario)**

Reference is made to the above captioned applications (the "Applications") dated March 15, 2005 and filed on behalf of Hollinger and other Applicants named therein. Unless otherwise indicated, defined terms used herein without definition have the meanings ascribed to them in the Applications.

We are counsel to the independent directors committee (the "IDC") of the Board of Hollinger. On behalf of the IDC, to the extent it may be necessary in the circumstances described herein, we hereby apply for standing, separate and distinct from that of Hollinger and the other Applicants, at the hearing of the OSC to consider the applications ("Hearing").¹

¹ It is not entirely clear to us that the IDC requires standing to participate fully at the Hearing. If the panel of the OSC hearing the Applications (the "Panel") determines that the IDC does not require a formal grant of standing, we intend to represent the IDC at the Hearing. If the Panel determines that formal standing must be granted to the IDC, this letter should be considered the application of the IDC in that regard.

The Independent Directors and the IDC

1. The IDC consists of five members of the six member Hollinger Board, namely, Paul A. Carroll, Q.C., Robert J. Metcalfe, Donald M.J. Vale, Allan Wakefield and Gordon W. Walker, Q.C. (the "Independent Directors").²
2. The Independent Directors are entirely independent of and unrelated to Ravelston and Argus and the other Applicants, including Conrad (Lord) Black, except in respect of their positions with Hollinger.³
3. None of the Independent Directors has any interest in the outcome of the Going Private Transaction that differs from the interests of Hollinger's public minority shareholders (the "Minority").⁴
4. None of the members of the IDC owns any shares of Hollinger. Accordingly, although nominally affected by the Hollinger MCTO and the international MCTO (as directors of Hollinger, the cease trade orders technically affect their ability to trade in the affected securities), the members of the IDC are substantively unaffected by the cease trade orders because they do not own any affected securities. In this regard, the interests of the IDC members in relation to the Applications are aligned with those of the Minority (who are similarly unaffected by the cease trade orders) as opposed to the interests of the Applicants (who – other than Hollinger - are prohibited by the cease trade orders from trading in the affected securities held by them).

Submissions

1. The IDC unanimously supports the arguments made and the relief sought in the Applications. Its members believe, however, that the analysis and considerations which were involved in their reaching their conclusions in respect of the Applications might differ, and represent a

² The sixth member of the Board, Peter M. White is an officer, director and/or shareholder of Ravelston and Argus, Hollinger's controlling shareholder group.

³ Two of the Independent Directors, Messrs. Walker and Vale, are Chairman and President, respectively, of Hollinger, positions they have assumed within the past few months as interim measures in light of the management vacuum at Hollinger and to comply with statutory requirements for officers. The IDC has determined, however, that in the circumstances, their fundamental independence from Hollinger's controlling shareholder group is not affected by those appointments.

⁴ It is, however, anticipated that certain of the Independent Directors will serve as initial Trustees and the members of the Litigation Panel in respect of the CCPRs.

different perspective from that of Hollinger. The IDC members believe that that perspective is deserving of standing at the Hearing.

2. As is disclosed in the Hollinger Circular and the Applications, the Board (acting essentially through the IDC and on the recommendation of a subset of its members, the two person Independent Privatization Committee) has unanimously resolved, subject to applicable regulatory and other approvals, to submit the Going Private Transaction to shareholders, where it would either be approved (with approvals to include the approval of the Minority as mandated by OSC Rule 61 501) or not. The Board (acting through the IDC) reached this decision for the reasons detailed in the Hollinger Circular. In doing so, the Board (acting through the IDC) determined, in light of the all of the circumstances surrounding the proposed transaction (including the March Deadline) that it is in the best interests of Hollinger, and in particular the Minority, for the Going Private Transaction to be considered by shareholders at this time. It is in this context that the IDC supports the relief sought in the Applications. The Independent Directors believe that such relief is highly technical in nature, and merely ancillary to the corporate objective of submitting the Going Private Transaction to the Minority.
3. The Minority effectively will act as separate “class” for purposes of, and will have a right of “veto” in respect of, the Going Private Transaction. Having regard to the unconflicted interests of the IDC and its mandate to safeguard the interests of the Minority, the IDC believes it is in the public interest for it to be represented at the Hearing separate and distinct from Hollinger and the other Applicants, to represent the interests of that “class” in the Applications.
4. The interests to be represented by the IDC at the Hearing are entirely consistent with what the members of the IDC believe to be the interests of the Minority, unaffected by any other actual or perceived conflicting interest.
5. The IDC does not propose to repeat arguments in support of, nor does it currently intend to lead evidence or examine witnesses in furtherance of, the Applications. In seeking standing at the Hearing (or confirmation by the Panel that formal standing is not required for the IDC to participate fully in the Hearing) the IDC seeks only to preserve the right to make arguments and submissions, and lead evidence or examine witnesses only to the extent considered necessary or desirable in furtherance of the Board’s resolution to submit the Going Private Transaction to Hollinger’s shareholders to allow the Minority to decide whether, in all the circumstances, the Going Private Transaction should be effected.
6. Our understanding that the OSC’s traditional test for the grant of standing is, as articulated in *the matter of George Albino* (1991) 14 OSCB 365, and quoted in various subsequent decisions that “on requests for standing, the [OSC] must first and foremost consider the nature of the issue and the likelihood that interveners will be able to make a useful contribution without injustice to the immediate parties”. We would respectfully submit that,

assuming the Panel determines that a formal grant of standing to the IDC is necessary, this application for standing easily satisfies that test.

If you have any questions or require any further information, please contact Jessica Kimmel at (416) 597-4219 (jkimmel@Goodmans.ca) or the undersigned at the direct line or e-mail address listed above.

Yours very truly,

GOODMANS LLP

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

Stephen H. Halperin

cc Jessica Kimmel
cc Independent Directors Committee of Hollinger Inc.
cc Service List Counsel

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