FIRST SUPPLEMENTAL TRUST INDENTURE

This First Supplemental Trust Indenture is entered into as of the 28th day of November, 2006.

BETWEEN:

CLARKE INC., a corporation incorporated under the federal laws of Canada and having its head office in the City of Halifax, in the Province of Nova Scotia (hereinafter called the "**Corporation**")

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the federal laws of Canada having an office in the City of Halifax, in the Province of Nova Scotia, in its capacity as trustee under a trust indenture dated December 22, 2005 (hereinafter called the "**Indenture Trustee**")

WITNESSETH THAT:

WHEREAS the Corporation and the Indenture Trustee entered into an indenture (the **"Indenture**") dated December 22, 2005 to provide for the creation and issuance of debentures for the Corporation's investment purposes;

AND WHEREAS Article 16 of the Indenture provides that the Indenture Trustee and the Corporation may enter into indentures supplemental to the Indenture;

AND WHEREAS the Corporation has determined to create and issue a second series of debentures, being 6.00% convertible unsecured subordinated debentures (the "**Debentures**") due December 31, 2013 (the "**Maturity Date**") and to enter into this first supplemental indenture (this "**Supplemental Indenture**") with the Indenture Trustee to provide for such creation and issuance of the Debentures;

AND WHEREAS all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the execution and delivery of this Supplemental Indenture, to make the same effective and binding upon the Corporation, and to make the Debentures, when authenticated by the Indenture Trustee and issued as provided in the Indenture and this Supplemental Indenture, valid, binding and legal obligation of the Corporation with the benefit and subject to the terms of the Indenture and this Supplemental Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Indenture Trustee;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
DEFINITIONS AND AMENDMENTS TO INDENTURE

1.1 Definitions

All capitalized terms not defined herein shall have the meanings given to them in the Indenture.

1.2 Amendments to Indenture

This Supplemental Indenture is supplemental to the Indenture and the Indenture and this Supplemental Indenture shall hereafter be read together and shall have effect, so far as practicable, with respect to the Debentures as if all the provisions of the Indenture and this Supplemental Indenture were contained in one instrument. The Indenture is and shall remain in full force and effect with regards to all matters governing the

Debentures and with regards to all matters governing the Debentures, except as the Indenture is amended, superceded, modified or supplemented by this Supplemental Indenture. Any references in the text of this Supplemental Indenture to section numbers, article numbers, “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions refer to the Indenture unless otherwise qualified.

ARTICLE 2
THE DEBENTURES

2.1 Form and Terms of Debentures

(a) The Debentures authorized for issue immediately are limited to an aggregate principal amount of $115,000,000 and shall be designated as “Series 2 6.00% Convertible Unsecured Subordinated Debentures”.

(b) The Debentures shall be dated as of the date of issuance, shall mature on December 31, 2013 and shall bear interest (subject to the provisions of Section 2.12 of the Indenture) from the date of issuance to December 31, 2013 at the rate of 6.00% per annum, payable in equal semi-annual payments on June 30 and December 31 in each year, the first such payment to fall due on June 30, 2007 and to include interest accrued from the date of issuance to, but excluding, June 30, 2007, and the last such payment, representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date, to fall due on December 31, 2013, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded, semi-annually.

(c) The Debentures will be redeemable in accordance with the terms of Article 4 of the Indenture, provided that the Debentures will not be redeemable on or before December 31, 2009, except in the event of the satisfaction of certain conditions after a Change in Control has occurred, as outlined herein. On and after January 1, 2010 and prior to December 31, 2010, the Debentures may be redeemed in whole or in part from time to time at the option of the Corporation on notice as provided for in Section 4.3 of the Indenture provided that the Current Market Price on the date on which such notice of redemption is given is at least 125% of the Conversion Price then in effect and the Corporation shall have provided to the Indenture Trustee an Officers' Certificate confirming such Current Market Price. On and after January 1, 2011, but prior to the Maturity Date, the Debentures will be redeemable at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior notice. The Redemption Price for the Debentures will be a price equal to their principal amount, and in addition thereto, at the time of redemption the Corporation shall pay to the holder of such Debentures all accrued and unpaid interest thereon to but excluding the date of redemption. The Redemption Notice for the Debentures shall be in the form of **Schedule B**.

(d) On redemption or on maturity of the Debentures, the Corporation may, at its option and subject to the provisions of Section 4.10 of the Indenture, and subject to regulatory approval, elect to satisfy its obligation to pay the principal amount of the Debentures by issuing and delivering to the holders of Debentures Freely Tradeable Common Shares. Any Freely Tradeable Common Shares that are issued to Holders of Debentures that bear the U.S. Legend set forth in Section 2.15 of the Indenture shall also bear the U.S. Legend set forth in Section 2.15 of the Indenture. If the Corporation elects to exercise such option, it shall deliver a Redemption Notice in the form of **Schedule B** or a maturity notice (the **“Maturity Notice”**) in the form of **Schedule C** to the holders of the Debentures.

(e) The Debentures will be subordinated to the Senior Indebtedness of the Corporation in accordance with the provisions of Article 5 of the Indenture;

(f) Upon and subject to the provisions and conditions of Article 6 of the Indenture, and upon delivery of a conversion notice in the form attached to this Supplemental Indenture, the holder of each Debenture shall have the right, at such holder's option, at any time prior to 5:00 p.m. (Toronto time) on the earlier of the last Business Day immediately preceding the Maturity Date and the last Business Day immediately preceding the date specified by the Corporation for redemption of the Debentures by notice to the holders of

Debentures in accordance with Section 2.1(c) hereof and Section 4.3 of the Indenture (the earlier of which will be the **“Time of Expiry”** for the purposes of Article 6 of the Indenture in respect of the Debentures), to convert the whole or, in the case of a Debenture of a denomination in excess of $1,000, any part which is $1,000 or an integral multiple thereof, of the principal amount of such Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion (as defined in Section 6.3(b) of the Indenture).

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Debentures shall be equal to $15.00 per Common Share, such that approximately 66.67 Common Shares shall be issued for each $1,000 principal amount of Debentures so converted. No adjustment in the number of Common shares issuable upon conversion of the Debentures will be made for dividends or distributions on Common Shares issuable upon conversion; however the holder of a Debenture so surrendered for conversion in accordance with Section 6.3 of the Indenture shall be entitled to receive accrued and unpaid interest in respect thereof from the date of issue or the latest Interest Payment Date, whichever is later, until the Date of Conversion. The Conversion Price applicable to the Common Shares, securities or other property receivable on the conversion of the Debentures is subject to adjustment pursuant to the provisions of Section 6.4 of the Indenture.

(g) The following terms and conditions apply in the case of a Change of Control:

(i) Upon the occurrence of a Change of Control, the Corporation shall be required to make an offer to purchase (the “**Offer**”) all of the then outstanding Debentures on the date which is not later than 30 days following the date upon which the Indenture Trustee delivers a Change of Control Notice (as defined below) to the holders of Debentures (such date being referred to as the “**Change of Control Date**”) at a price (the “**Change of Control Price**”) equal to 101% of the principal amount thereof plus an amount equal to the interest payments not yet received on the Debentures calculated from the date of the Change of Control to the date upon which the purchase is completed (the “**Purchase Date**”).

(ii) The Corporation will, as soon as practicable, and in any event no later than two Business Days after the occurrence of a Change of Control, give written notice to the Indenture Trustee of the Change of Control. Such written notice of the Corporation shall state whether the Change of Control Price will be payable in cash or satisfied, in whole or in part, by the issuance of Common Shares as contemplated in Section 2.4(g)(xiii) hereof. The Indenture Trustee will, as soon as practicable thereafter, and in any event no later than two Business Days after receiving notice from the Corporation of the Change of Control, provide written notice to the holders of Debentures of the Change of Control (the “**Change of Control Notice**”). The Change of Control Notice shall be prepared by the Corporation and shall include a description of the Change of Control, details of the Offer under the terms of the Indenture, details regarding whether the Change of Control Price is to be paid in cash or, in whole or in part, in Common Shares, a statement that each holder will be entitled to withdraw his Debentures tendered to the Offer if the Indenture Trustee receives, no later than the close of business on the third Business Day immediately preceding the Change of Control Date, a facsimile transmission or letter setting forth the name of such holder, the principal amount of the Debentures delivered for purchase and a statement that such holder is withdrawing his Debentures tendered to the Offer and a description of the rights of the Corporation to redeem untendered Debentures in accordance with Section 2.4(g)(iv) hereof.

(iii) In order to tender to the Offer and exercise the right to require the Corporation to purchase its Debentures, the Debentureholder must deliver to the Trustee, not less than five Business Days prior to the Change of Control Date, written notice of the holder's exercise of such right in the form attached as **Schedule D**, together with the Debentures with respect to which the right is being exercised, duly endorsed for transfer or the duly endorsed form of transfer, as applicable.

(iv) If 90% or more in aggregate principal amount of Debentures outstanding on the Change of Control Date have been tendered for purchase under the Corporation Offer on the Change of Control Date, the Corporation has the right upon written notice provided to the Indenture Trustee prior to the

Change of Control Date, to redeem all the remaining outstanding Debentures on the Change of Control Date at the Change of Control Price (the **"90% Redemption Right"**).

(v) Upon receipt of written notice that the Corporation will exercise the 90% Redemption Right and acquire the remaining Debentures, the Indenture Trustee shall as soon as reasonably possible provide written notice to all Debentureholders that did not previously tender their Debentures to the Corporation that:

(A) The Corporation has exercised the 90% Redemption Right and will purchase all outstanding Debentures on the Change of Control Date at the Change of Control Price, including a calculation of such holder's Change of Control Price, as the case may be;

(B) Each such holder must transfer their Debentures to the Indenture Trustee on the same terms as those holders that tendered their Debentures to the Offer and must send their respective Debentures, duly endorsed for transfer, or their duly endorsed form of transfer, as applicable, to the Indenture Trustee within 10 days after sending of such notice; and

(C) The rights of such holder under the terms of the Debentures, the Indenture and this Supplemental Indenture cease, effective as of the Change of Control Date provided the Corporation has paid the Change of Control Price to, or to the order of, the Indenture Trustee and thereafter the Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive the Change of Control Price, as the case may be, upon surrender and delivery of such holder's Debentures in accordance with the Indenture.

(vi) Subject to Section 2.1(g)(xiii) hereof, the Corporation shall, on or before 11:00 a.m. (Toronto time) on the Business Day immediately prior to the Change of Control Date, deposit with the Indenture Trustee or any paying agent to the order of the Indenture Trustee, such sums of money as may be, sufficient to pay the Change of Control Price of the Debentures to be purchased or redeemed by the Corporation on the Change of Control Date, provided the Corporation may elect to satisfy this requirement by providing the Indenture Trustee with a certified cheque for such amounts required under this Section 2.1(g)(vi) post-dated to the Change of Control Date or the Corporation may satisfy this requirement by an electronic funds transfer of such sums of money on the Change of Control Date. To the extent requested by the Indenture Trustee, the Corporation shall also deposit with the Indenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Indenture Trustee in connection with such purchase and/or redemption, as the case may be. Every such deposit shall be irrevocable. From the sums so deposited, the Indenture Trustee shall pay or cause to be paid to the holders of such Debentures, the Change in Control Price, and interest, if any, to which they are entitled on the Corporation's purchase or redemption.

(vii) In the event that one or more of such Debentures being purchased in accordance with this Section 2.1(g) becomes subject to purchase in part only, upon surrender of such Debentures for payment of the Change in Control Price, the Corporation shall execute and the Indenture Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order, one or more new Debentures for the portion of the principal amount of the Global Debentures not purchased.

(viii) Debentures for which holders have tendered to the Corporation Offer and Debentures which the Corporation has elected to redeem in accordance with this Section 2.1(g) shall become due and payable at the Change in Control Price, on the Change of Control Date, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Change of Control Date, if the money necessary to purchase or redeem the Debentures shall have been deposited as provided in this Section 2.1(g) and affidavits or other proofs satisfactory to the Indenture Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Indenture Trustee whose decision shall be final and binding upon all parties in interest.

(ix) In case the holder of any Debenture to be purchased or redeemed in accordance with this Section 2.1(g) shall fail on or before the Change of Control Date so to surrender such holder's Debenture or duly endorsed form of transfer or shall not within such time accept payment of the moneys payable, or take delivery of certificates representing any Common Shares issuable in respect thereof, or give such receipt therefor, if any, as the Indenture Trustee may require, such moneys may be set aside in trust, or such certificates may be held in trust without interest, either in the deposit department of the Indenture Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment of the moneys so paid and deposited, or to take delivery of the certificates so deposited, upon surrender and delivery up of such holder's Debenture, of the Change in Control Price. In the event that any money, or certificates, required to be deposited hereunder with the Indenture Trustee or any depositary or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of six years from the Change of Control Date, then such moneys, or certificates, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by the Indenture Trustee or such depositary or paying agent to the Corporation and the Indenture Trustee shall not be responsible to Debentureholders for any amounts owing to them. Notwithstanding the foregoing, the Indenture Trustee will pay any remaining funds deposited hereunder prior to the expiry of six years after the Change of Control Date to the Corporation upon receipt from the Corporation, or one of its Subsidiaries, of an uncontested letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of six years after the Change of Control Date, the Corporation shall reimburse the Indenture Trustee for any amounts required to be paid by the Indenture Trustee to a holder of a Debenture after the date of such payment of the remaining funds to the Corporation but prior to six years after the Change of Control Date and such letter of credit shall be reduced to the extent of the required amount of such reimbursement. If the Corporation fails to so reimburse the Indenture Trustee, the Indenture Trustee may draw on the letter of credit.

(x) Subject to the provisions above related to Debentures purchased in part, all Debentures redeemed and paid under this Section 2.1(g) shall forthwith be delivered to the Indenture Trustee and cancelled and no Debentures shall be issued in substitution therefor.

(xi) The Corporation will publicly announce the results of the purchases made pursuant to this Section 2.1(g) as soon as practicable after the Change of Control Date.

(xii) The Corporation will comply with all Applicable Securities Legislation and the United States securities laws and regulations to the extent such laws and regulations are applicable in the event that the Corporation is required to repurchase Debentures pursuant to Article 12 of the Indenture.

(xiii) Unless an Event of Default has occurred and is continuing, the Corporation shall be entitled at its option, subject to regulatory approval, to deposit with the Indenture Trustee or any paying agent to the order of the Indenture Trustee, in lieu of all or any portion of the cash which would otherwise be required to be deposited with the Indenture Trustee hereunder, Freely Tradeable Common Shares for purposes of making payment of all or any portion of the Change of Control Price, the number of such Freely Tradeable Common Shares to be obtained by dividing the Change of Control Price by 95% of the Current Market Price in effect on the Change of Control Date. No fractional Common Shares shall be issued as payment of the Change of Control Price, but in lieu thereof the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price in effect on the Change of Control Date. In all other respects, in paying the Change of Control Price, the Corporation shall be subject to the requirements of this Section 2.1(g) and the Indenture Trustee shall, in making payment to holders of such Debentures pursuant to this Section

2.1(g) of the Change of Control Price, make payment using such Freely Tradeable Common Shares. Solely for purposes of this Section 2.1(g)(xiii), the term "Current Market Price" as set forth in Section 1.1 of the Indenture shall be modified to provide that in the event the Common Shares are not at the relevant time listed on any stock exchange or traded on the over-the-counter market, the Current Market Price shall be the fair market value of the Common Shares as determined by the Corporation, acting reasonably. Any Freely Tradeable Common Shares that are issued to Holders of Debentures that bear the U.S. Legend set forth in Section 2.15 of the Indenture shall also bear the U.S. Legend set forth in Section 2.15 of the Indenture. In the event the Corporation exercises its right pursuant to this Section 2.4(g)(xiii) to deliver Freely Tradeable Common Shares, the provisions of paragraphs (c) to (k) inclusive of Section 4.10 of the Indenture shall apply, *mutatis mutandis*.

(h) The Debentures shall be issued only in denominations of $1,000 and integral multiples of $1,000 and the Indenture Trustee is hereby appointed as registrar and transfer agent for the Debentures. The Debentures and the certificate of the Indenture Trustee endorsed thereon shall be in substantially the form set forth in **Schedule A** hereto. The Debentures shall bear such distinguishing letters and numbers as the Indenture Trustee may approve.

(i) The Debentures shall be issued as one or more fully registered global Debentures and the Depository for the Debentures shall be CDS Clearing and Depository Services Inc. The global Debentures shall be registered in the name of CDS Clearing and Depository Services Inc. (or any nominee of the Depository). No beneficial holder will receive definitive certificates representing their interest in Debentures except as provided in Sections 3.1 and 3.3 of the Indenture. A global Debenture may be exchanged for Debentures in registered form that are not global Debentures, or transferred to and registered in the name of a person other than the Depository for such global Debentures or a nominee thereof, as provided in Sections 3.1 and 3.3 of the Indenture.

(j) Interest on the Debentures will be payable in accordance with Section 2.16 of the Indenture.

(k) Upon and subject to the provisions and conditions of Article 10 of the Indenture, the Corporation may elect, from time to time, subject to regulatory approval, to satisfy its Interest Obligation on any Interest Payment Date by delivering Common Shares to the Indenture Trustee.

(l) Notwithstanding that the Corporation may not be required to remain subject to the reporting requirements of the Nova Scotia Securities Commission, the Corporation shall, upon receiving written request from the Indenture Trustee, provide to the Indenture Trustee and holders of Debentures who request such materials in writing (i) within 140 days after the end of each fiscal year, an annual financial statement of the Corporation, and (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements of the Corporation which shall, at a minimum, contain such information as is required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not the Corporation has any of its securities so listed. Each of such reports will be prepared in accordance with Canadian disclosure requirements and generally accepted accounting principles.

(m) The Indenture Trustee shall be provided with the documents and instruments referred to in Sections 2.5(b), (c) and (d) of the Indenture with respect to the Debentures prior to the issuance of the Debentures.

ARTICLE 3
REMOVAL OF U.S. LEGEND

3.1 Amendment to Procedures for Removal of U.S. Legend

The paragraph under the U.S. Legend set forth in Section 2.15 of the Indenture is hereby replaced in its entirety with the following:

"provided, that if the Debentures or the Common Shares are being sold under clause (B) above, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S under the 1933 Act at the time of sale, the U.S. Legend may be removed by providing a declaration to the Indenture Trustee as set forth in **Schedule E** hereto (or as the Corporation may prescribe from time to time) and, if required by the registrar and transfer agent, an opinion of counsel of recognized standing reasonably satisfactory to the registrar and transfer agent, that such legend is no longer required under applicable requirements of the 1933 Act; and provided, further, that , if any such securities are being sold under clause C(2) above, the U.S. Legend may be removed by delivery to the Indenture Trustee of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that that Indenture Trustee obtains confirmation from the Corporation that such counsel is satisfactory to it, the Indenture Trustee shall be entitled to rely on such opinion of counsel without further inquiry."

ARTICLE 4
ADDITIONAL MATTERS

4.1 Confirmation of Indenture

The Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.2 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts in this Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions and subject to the provisions set forth in the Indenture

4.3 Governing Law

This Supplemental Indenture shall be construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein and shall be treated, in all respects, as a Nova Scotia contract.

4.4 Further Assurances

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Supplemental Indenture, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this Supplemental Indenture and carry out its provisions.

4.5 Counterparts

This Supplemental Indenture may be executed by the parties in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

CLARKE INC.

Per: signed "Jan Imeson"
Jan Imeson
Executive Vice President & CFO

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: signed "Elizabeth Dockendorff"

Per: signed "Colleen Nielsen"

SCHEDULE A

to the First Supplemental Indenture to the Trust Indenture between Clarke Inc. and Computershare Trust Company of Canada

FORM OF DEBENTURE

This Debenture is a global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Clarke Inc. or its agent for registration of transfer, exchange or payment, and any Debenture issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO. has an interest herein. This certificate is issued pursuant to a Master Letter of Representations of Clarke Inc. to CDS, as such letter may be replaced or amended from time to time.

CUSIP 181901ABS

No. • $ •

CLARKE INC.

(a corporation incorporated under the Canada Business Corporations Act)

6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE

due December 31, 2013

CLARKE INC. (the **"Corporation"**) for value received hereby acknowledges itself indebted and, subject to the provisions of the Trust Indenture (the **"Indenture"**) dated as of December 22, 2005 between the Corporation and Computershare Trust Company of Canada (the **"Indenture Trustee"**), as amended and supplemented by the first supplemental indenture dated as of November 28, 2006, between the Corporation and the Indenture Trustee (the "**Indenture**") promises to pay to the registered holder hereof on December 31, 2013 (the **"Maturity Date"**) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of ____ Dollars ($_______________) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario in accordance with the terms of the Indenture and to pay interest on the principal amount hereof from the date hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on the outstanding Debentures (as hereinafter defined), whichever is later, at the rate of 6.00% per annum, in like money, in arrears in equal semi-annual instalments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on June 30, 2007 and, should the Corporation at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money.

Interest hereon shall be payable by electronic funds transfer or by cheque mailed to the registered holder hereof and, subject to the provisions of the Indenture, the electronic funds transfer or mailing of such cheque shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Debenture.

This Debenture is one of the 6.00% Convertible Unsecured Subordinated Debentures due on the Maturity Date of the Corporation issued or issuable under the provisions of the Indenture. The Debentures are limited to an aggregate principal amount of $115,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Indenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are initially issuable only as fully registered Debentures in denominations of $1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The whole, or if this Debenture is in a denomination in excess of $1,000 any part which is $1,000 or an integral multiple thereof, of the principal of this Debenture is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario, at any time prior to 5:00 p.m. (Toronto time) on the last Business Day immediately preceding the Maturity Date or, if this Debenture is called for redemption on or prior to such date, then up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Debenture, into common shares (**"Common Shares"**) of the Corporation (without adjustment for interest accrued hereon (except in the event of the exercise by the holder of its conversion rights following a notice of redemption as provided in the Indenture) or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of $15.00 (the **"Conversion Price"**) per Common Share, being a rate of approximately 66.67 Common Shares for each $1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture.

This Debenture is not redeemable on or before December 31, 2009, except in the event of the satisfaction of certain conditions after a Change in Control has occurred, as outlined below. On and after January 1, 2010 but prior to December 31, 2010, this Debenture is redeemable, in whole or in part, provided that the Corporation files with the Indenture Trustee, on the day that notice of redemption of this Debenture is first given, an officer's certificate of the Corporation certifying that the weighted average trading price of the Common Shares on the Toronto Stock Exchange (or elsewhere in accordance with this Indenture) for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice is given, is at least 125% of the Conversion Price. On and after January 1, 2011, but prior to the Maturity Date, this Debenture may be redeemed, in whole or in part, at the option of the Corporation on the terms and conditions set out in the Indenture at the redemption price therein set out.

Upon the occurrence of a Change of Control of the Corporation involving the acquisition of voting control or direction over 66⅔% or more of the Common Shares and securities convertible into or carrying the right to acquire the Common Shares, the Corporation shall be required to make an offer to purchase (the "**Corporation Offer**") all of the then outstanding Debentures on the Change of Control Date at a price (the "**Change of Control Price**") equal to 101% of the principal amount thereof plus accrued and unpaid interest to the purchase date.

If 90% or more in aggregate principal amount of Debentures outstanding on the Change of Control Date have been tendered for purchase under the Corporation Offer on the Change of Control Date, the Corporation has the right, upon written notice provided to the Indenture Trustee prior to the Change of Control Date, to redeem all the remaining outstanding Debentures on the Change of Control Date at the Change of Control Price

The Corporation may, on notice as provided in the Indenture, at its option (subject to any applicable regulatory approval), elect to satisfy the obligation to repay the principal amount of this Debenture on the Maturity Date or on redemption by the issue of that number of Common Shares obtained by dividing the principal amount of this Debenture by 95% of the weighted average trading price of the Common Shares on the Toronto

Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date or the date fixed for redemption, as the case may be.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares or the directors, officers or agents of the Corporation in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Indenture Trustee may designate by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Indenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Indenture Trustee and/or other registrar may prescribe.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Indenture Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF CLARKE INC. has caused this Debenture to be signed by its authorized trustees as of the ● day of ●, 2006.

CLARKE INC.

By: ____

TRUSTEE'S CERTIFICATE

This Debenture is one of the 6.00% Convertible Unsecured Subordinated Debentures due December 31, 2013 referred to in the Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA

By: ____________________________________
(Authorized Officer)

THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL NOT BE CONSTRUED AS A REPRESENTATION OR WARRANTY BY THE INDENTURE TRUSTEE AS TO THE VALIDITY OF THE INDENTURE OR OF THE SECURITIES OR OF THEIR ISSUANCE AND THE INDENTURE TRUSTEE WILL IN NO RESPECT BE LIABLE OR ANSWERABLE FOR THE USE MADE OF SUCH SECURITIES OR ANY OF THEM OR THE PROCEEDS THEREOF. THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL, HOWEVER, BE A REPRESENTATION AND WARRANTY BY THE INDENTURE TRUSTEE THAT THE SECURITIES HAVE BEEN DULY CERTIFIED BY OR ON BEHALF OF THE INDENTURE TRUSTEE PURSUANT TO THE PROVISIONS OF THE INDENTURE.

REGISTRATION PANEL

(No writing hereon except by Indenture Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Indenture Trustee or Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ________________________________, whose address and social insurance number, if applicable, are set forth below, this Debenture (or $________________ principal amount hereof*) of CLARKE INC. standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Debenture and does hereby irrevocably authorize and direct the Indenture Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: ____

Address of Transferee: ____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: ________________________________

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be $1,000 or an integral multiple thereof, unless you hold a Debenture in a non-integral multiple of $1,000, in which case such Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable medallion guarantee program. Notarized or witnessed signatures are not acceptable as guaranteed signatures.

2. The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

________________________________	________________________________
Authorized Officer	Signature of transferring registered holder
________________________________	
Name of Institution	

CONVERSION NOTICE

TO: CLARKE INC.

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 6.00% Convertible Unsecured Subordinated Debentures due December 31, 2013 bearing Certificate No. __________________ irrevocably elects to convert such Debentures (or $__________________ principal amount thereof*) in accordance with the terms of the Trust Indenture referred to in such Debentures and tenders herewith the Debentures, and, if applicable, directs that the Common Shares of Clarke Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated:

____

(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be $1,000 or integral multiples thereof).

NOTE: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or a member of an acceptable medallion guarantee program.

(Print name in which Common Shares are to be issued, delivered and registered)

Name: ____

____ ____

(Address) (City, Province and Postal Code)

Name of guarantor: ____________________________

Authorized signature: __________________________

SCHEDULE B

to the First Supplemental Indenture to the Trust Indenture between Clarke Inc. and Computershare Trust Company of Canada

CLARKE INC.

6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

REDEMPTION NOTICE

To: Holders of 6.00% Convertible Unsecured Subordinated Debentures due December 31, 2013 (the “Debentures”) of Clarke Inc. (the “Corporation”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to section 4.3 of the Trust Indenture dated as of December 22, 2005 between the Corporation and Computershare Trust Company of Canada (the “Indenture Trustee”), as amended and supplemented by the first supplemental indenture dated as of November 28, 2006, between the Corporation and the Indenture Trustee, that the aggregate principal amount of all Debentures outstanding will be redeemed as of ________________ (the “Redemption Date”), upon payment of a redemption amount of $_______________ for each $1,000 principal amount of Debentures, being equal to the aggregate of (i) $1,000 (the “Redemption Price”), and (ii) all accrued and unpaid interest thereon to but excluding the Redemption Date, in each case less any taxes required to be deducted or withheld.

The Redemption Price, together with all accrued and unpaid interest thereon, will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
1969 Upper Water Street, Suite 2008
Purdy’s Wharf, Tower II
Halifax, Nova Scotia B3J 3R7

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price, together with all accrued and unpaid interest thereon, shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price, together with all accrued and unpaid interest thereon, pursuant to the Indenture.

[Pursuant to section 4.6 of the Indenture, the Corporation hereby irrevocably elects to satisfy its obligation to pay to Holders of Debentures the Redemption Price by issuing and delivering to the Holders that number of Freely Tradeable Common Shares obtained by dividing the Redemption Price by 95% of the then Current Market Price of the Common Shares.

No fractional Common Shares shall be delivered upon the exercise by the Corporation of the above-mentioned redemption right but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Redemption Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Corporation shall, on the Redemption Date, make the delivery to the Indenture Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the Holders, of certificates representing the Common Shares to which Holders are entitled together with the cash equivalent in lieu of fractional Common Shares.]

DATED:

CLARKE INC.

____
(Authorized Officer)

SCHEDULE C

to the First Supplemental Indenture to the Trust Indenture between Clarke Inc. and Computershare Trust Company of Canada

FORM OF MATURITY NOTICE

CLARKE INC.

6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

MATURITY NOTICE

To: Holders of 6.00% Convertible Unsecured Subordinated Debentures due December 31, 2013 (the "Debentures") of Clarke Inc. (the "Corporation")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to section 2.1(f) of the First Supplemental Indenture, dated as of November 28, 2006, to the Trust Indenture dated as of December 22, 2005 (the "Indenture") between the Corporation and Computershare Trust Company of Canada, as trustee (the "Indenture Trustee"), that the Debentures will become due and payable as of December 31, 2013 (the "Maturity Date").

[Pursuant to Section 4.10 of the Indenture, the Corporation hereby advises the holders of Debentures that it is exercising the Common Share Redemption Right and that it will satisfy its obligation to pay the principal amount of the Debentures by delivering to holders of Debentures (subject to withholding or deduction on account of applicable taxes) that number of Freely Tradeable Common Shares equal to the number obtained by dividing the principal amount of such Debentures by 95% of the Current Market Price of Common Shares on the Maturity Date. In the event that the Corporation elects to issue and deliver Common Shares as aforesaid, upon presentation and surrender of the Debentures, the Corporation shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares, and shall, on the Maturity Date, send to the Indenture Trustee certificates representing the Common Shares to which the holder is entitled.]

DATED:

CLARKE INC.

____

(Authorized Officer)

SCHEDULE D

to the First Supplemental Indenture to the Trust Indenture between Clarke Inc. and Computershare Trust Company of Canada

FORM OF NOTICE OF EXERCISE OF RIGHT TO REQUIRE REPURCHASE OF DEBENTURES BY CORPORATION UPON CHANGE OF CONTROL

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
as trustee for the 6.00% Convertible Unsecured Subordinated Debentures due December 31, 2013 of Clarke Inc.
Halifax, Nova Scotia

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 2.1(g) of the First Supplemental Indenture, dated as of November 28, 2006 (the "Supplemental Indenture"), to the Indenture dated as of December 22, 2005 (the "Indenture") between Clarke Inc. (the "Corporation") and Computershare Trust Company of Canada, as of the election by the Person whose name appears below to exercise the right specified in Section 2.1(g)(iii) of the Supplemental Indenture, and thereby require the Corporation to purchase $_______________ in aggregate principal amount of Debentures, such Debentures having been duly endorsed for transfer as of the date hereof.

Dated: ______________________________

By: ____________________________________
Name:
Title:

SCHEDULE E

to the First Supplemental Indenture to the Trust Indenture between Clarke Inc. and Computershare Trust Company of Canada

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Computershare Trust Company of Canada
as trustee and registrar
for the 6.00% Convertible Unsecured Subordinated Debentures due December 31, 2013 and Common Shares of Clarke Inc.
Halifax, Nova Scotia

The undersigned (a) acknowledges that the sale of the securities of Clarke Inc. (the "Corporation") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "1933 Act") and (b) certifies that (1) it is not an affiliate of the Corporation (as defined in Rule 405 under the 1933 Act), (2) the offer of such securities was not made to a person in the United States, and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange and neither the seller or any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the 1933 Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the 1933 Act. Terms used herein have the meanings given to them by Regulation S.

Date: ______________________________

By: ____
Name:
Title: