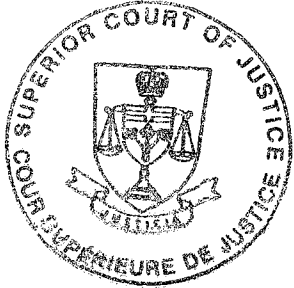


**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
)
MADAM JUSTICE PEPALL)

TUESDAY, THE 6th DAY

OF JULY, 2010



IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CANWEST PUBLISHING
INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS
INC. AND CANWEST (CANADA) INC.

APPLICANTS

ADMINISTRATIVE RESERVE AND TRANSITION ORDER

THIS MOTION made by Canwest Publishing Inc./Publications Canwest Inc. ("**CPI**"), Canwest Books Inc. and Canwest (Canada) Inc. (the "**Applicants**") and Canwest Limited Partnership/Canwest Societe en Commandite (the "**Limited Partnership**", collectively and together with the Applicants, the "**LP Entities**", and each an "**LP Entity**"), for an order establishing and directing the administration of the Administrative Reserve (as defined herein) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Douglas E.J. Lamb sworn June 29, 2010, the Twelfth Report of FTI Consulting Canada Inc. (the "**Monitor's 12th Report**") in its capacity as Court-appointed monitor of the LP Entities (the "**Monitor**") and on hearing from counsel for the LP Entities, the Monitor, the ad hoc committee of holders of 9.25% notes and senior subordinated debt issued by the Limited Partnership, The Bank of Nova Scotia in its capacity as Administrative Agent for the Senior Lenders (as defined in the Plan), the court-appointed representatives of the salaried employees and retirees and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed.

DEFINITIONS

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the consolidated plan of compromise concerning, affecting and involving the LP Entities dated as of May 20, 2010, as amended (the “**Plan**”).

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and that the motion is properly returnable today and service upon any interested party other than those parties served is hereby dispensed with.

THE ADMINISTRATIVE RESERVE

3. **THIS COURT ORDERS** that, pursuant to and in accordance with the Plan, the Monitor shall be and is hereby authorized and directed to arrange for the opening and set up of the Administrative Reserve Account prior to the Plan Implementation Date.

4. **THIS COURT ORDERS** that on the Plan Implementation Date, pursuant to and in accordance with the Plan, the LP Entities shall be and are hereby authorized and directed to pay to the Monitor from the Cash and Equivalents the amount of \$9,000,000 (the “**Reserve Amount**”) by way of wire transfer (in accordance with the wire transfer instructions provided by the Monitor to the LP Entities at least three (3) Business Days prior to the Plan Implementation Date). The LP Entities shall have no liability or obligation to the Monitor in respect of the Reserve Amount set out in this paragraph 4 once the wire transfer to the Monitor has been received.

5. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the Monitor shall be and is hereby authorized and directed to deposit the Reserve Amount into the Administrative Reserve Account, which Reserve Amount and the funds from time to time on deposit in the Administrative Reserve Account (the “**Administrative Reserve**”) shall be held and administered by the Monitor in accordance with the Plan, the Plan Sanction Order of the

Honourable Madam Justice Pepall dated June 18, 2010 (the “**Plan Sanction Order**”) and this Order.

6. **THIS COURT ORDERS AND DECLARES** that the Administrative Reserve shall not constitute property of the LP Entities or of any one of them and that the purpose of the Administrative Reserve is to effect payment of the Administrative Reserve Costs and such other costs specifically provided for herein on behalf of the LP Entities in accordance with the Plan, the Asset Purchase Agreement and this Order, including those payments set out in paragraphs 8 and 10 herein, with any remaining balance therein to be distributed to the Purchaser in accordance with paragraph 11 herein.

7. **THIS COURT ORDERS** that on the Plan Implementation Date, the LP Administration Charge (as defined in the Initial Order) shall be terminated, discharged and released as against the Acquired Assets, the Unsecured Creditors’ Pool and all payments made to or on behalf of the Administrative Agent, the DIP Administrative Agent or any other Senior Secured Creditor, but will continue as against the Administrative Reserve but only with respect to and to secure payment of the fees, costs and expenses of the Monitor, any trustee in bankruptcy of the LP Entities and their respective counsel and other advisors, which charge shall rank in priority to all other Encumbrances, notwithstanding the order of perfection or attachment, and that the provisions of paragraphs 55, 58 and 60 of the Initial Order shall apply thereto, *mutatis mutandis*.

PAYMENTS BY THE MONITOR FROM THE ADMINISTRATIVE RESERVE

8. **THIS COURT ORDERS** that on or following the Plan Implementation Date, the Monitor shall be and is hereby authorized and directed to make payments out of the Administrative Reserve, on behalf of the LP Entities, to the following Persons in the following amounts in respect of the payment of Administrative Reserve Costs and such other costs specifically provided for herein by way of cheque (sent by prepaid ordinary mail to the Monitor’s last known address for such Persons) or by wire transfer (in accordance with the wire instructions provided by such Persons to the Monitor at least three (3) Business Days prior to the payment date set by the Monitor) unless such costs are otherwise assumed by the Purchaser:

- (a) counsel to the LP Entities, Osler, Hoskin & Harcourt LLP (to the extent engaged by the Monitor), counsel to the directors and officers of the LP Entities, Lenczner Slaght Royce Smith Griffin LLP (to the extent engaged by the Monitor), the Monitor, the Monitor's counsel, Stikeman Elliott LLP and counsel to the Court-appointed representatives of the salaried employees and retirees (subject to such fee arrangements to be agreed to by the Monitor or as have been ordered by this Court), in amounts sufficient to satisfy payment in full of their respective reasonable professional fees and disbursements incurred at their respective standard rates and charges in respect of the performance of their respective duties and obligations whether arising before or after the Plan Implementation Date;
- (b) Persons entitled to payments pursuant to the LP Entities' management incentive plan (the "**LP MIP**") and the Consulting Agreement as defined and described in the confidential supplement to the Fifth Report of the Monitor (the "**Fifth Report Confidential Supplement**") and the payment schedules thereto, in amounts sufficient to satisfy all such payments that become due and owing following the Plan Implementation Date in accordance with the terms of the LP MIP and the Consulting Agreement described in the Fifth Report Confidential Supplement, net of any withholdings required under applicable legislation. For greater certainty, acceptance of employment with Holdco or any purchaser of the LP Entities' business shall not prejudice such Persons' entitlements under the LP MIP and the Monitor shall make the payments to any such Persons who continue employment with Holdco or any purchaser of the LP Entities' business, subject to and in accordance with the terms of the LP MIP;
- (c) employees of the LP Entities receiving retention payments pursuant to the authority granted in the Order of this Honourable Court dated March 26, 2010, in an amount sufficient to satisfy payment in full of such retention payments, net of any withholdings required under applicable legislation. For greater certainty, acceptance of employment with Holdco or any purchaser of the LP Entities' business shall not prejudice such Persons' entitlements to receive such retention payments and the Monitor shall make the retention payments to any such Persons who continue employment with Holdco or any purchaser of the LP Entities'

business, subject to and in accordance with the terms of the Order of this Honourable Court dated March 26, 2010;

- (d) the LP CRA in an amount sufficient to satisfy payment in full of amounts owing under the retainer letter agreement dated as of July 1, 2010;
- (e) Taxing Authorities in amounts sufficient to satisfy any remittances required under applicable legislation in respect of any payments to employees or former employees referred to in this paragraph 8 or in respect of the Withholding Arrangements (as defined below);
- (f) any trustee in bankruptcy that may be appointed in respect of the LP Entities or any one of them following the completion of the Acquisition, in an amount sufficient to satisfy payment in full of the fees and costs of such trustee in bankruptcy;
- (g) such other Persons engaged by the Monitor in accordance with this Order or other Orders of this Court in amounts sufficient to satisfy payment in full of amounts owing thereto; and
- (h) such other fees and costs properly incurred by Persons in connection with completion of these proceedings or the winding up of the LP Entities' estates as determined by the Monitor in its sole and unfettered discretion, after consultation with the Purchaser.

9. **THIS COURT ORDERS** that notwithstanding any other provision of this Order or the Plan, and without in any way limiting the protections for the Monitor set forth in the Initial Order, the Plan or the CCAA, and except for the Monitor's obligations under the Withholding Arrangements (as defined herein), the Monitor shall have no obligation to make any payment, and nothing in this Order or the Plan shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full and that in the event the Administrative Reserve is insufficient to satisfy any such amounts, the Monitor shall have no liability with respect to the payment thereof and the Monitor is authorized and empowered to determine in its sole and unfettered discretion which of the amounts shall be paid and when.

10. **THIS COURT ORDERS** that following the Plan Implementation Date, the Monitor shall be and is hereby authorized and directed to withhold from distributions of Shares and cash, to deposit Shares with brokers of its choice, to instruct brokers to sell Shares in one or more trades, to remit payments from the net sale proceeds of withheld Shares or from the Administrative Reserve to the Canada Revenue Agency, the Minister of Finance (Quebec) and other applicable Taxing Authorities, to prepare and file T4, T4A forms, T4 summary documentation and any other forms and to take such other steps, on behalf of the LP Entities, as are necessary to effect the withholding and remittance arrangements (“**Withholding Arrangements**”) that are or that will be agreed by the Monitor and the LP Entities with the Canada Revenue Agency, the Minister of Finance (Quebec) and other applicable Taxing Authorities in connection with Withholding Obligations under the Plan.

11. **THIS COURT ORDERS** that following (i) payment of the amounts set out in paragraph 8 of this Order and the distributions, remittances and other steps set out in paragraph 10 of this Order, (ii) completion by the Monitor of its duties in respect of the LP Entities pursuant to the CCAA and the Initial Order, the Amended Claims Procedure Order, the Plan Sanction Order, this Order and all other orders granted in these proceedings (collectively the “**Orders**”), including without limitation the Monitor’s duties in respect of the Amended Claims Procedure Order, distributions in accordance with the Plan, the completion of these proceedings and the winding up of the LP Entities’ estates, and (iii) the establishment of arrangements satisfactory to any trustee in bankruptcy of the LP Entities or of any one of them to ensure payment of the fees and costs of such trustee in bankruptcy, the Monitor shall be and is hereby authorized and directed to pay the balance of the Administrative Reserve, if any, to the Purchaser by way of wire transfer (in accordance with the wire transfer instructions provided by the Purchaser to the Monitor at least three (3) Business Days prior to the payment date as set by the Monitor).

12. **THIS COURT ORDERS** that, except for the Monitor’s obligations under the Withholding Arrangements, the Monitor shall have no liability or obligation to any Person in respect of the withholdings and remittances made in accordance with the Withholding Arrangements or in respect of the payments set out in paragraphs 8, 10 and 11 of this Order once the payment to such Person has been received or in respect of the preparation and filing of

any T4, T4A forms, T4 summary documentation and any other forms, which forms and documentation shall be exclusively based upon information provided by the LP Entities.

TRANSITION POWERS OF THE MONITOR

13. **THIS COURT ORDERS** that on and after the Plan Implementation Date, the Monitor shall continue to be authorized and directed to (a) complete the claims procedure established by the Amended Claims Procedure Order without consulting with the LP Entities, the LP CRA or any other Person; and (b) take such further steps and seek such amendments to the Amended Claims Procedure Order or additional orders as the Monitor considers necessary or appropriate in order to fully determine, resolve or deal with any Claims.
14. **THIS COURT ORDERS** that on and after the Plan Implementation Date, the Monitor is authorized, but not required, in the name of and on behalf of the LP Entities, to prepare and file the LP Entities' tax returns, employee-related remittances, T4 statements and records of employment for the LP Entities' former employees based solely upon information provided by the LP Entities and on the basis that the Monitor shall incur no liability or obligation to any Person with respect to such returns, remittances, statements, records or other documentation.
15. **THIS COURT ORDERS AND DECLARES** that any distributions under the Plan, the Plan Sanction Order or this Order shall not constitute a "distribution" for the purposes of section 107 of the *Corporations Tax Act* (Ontario), section 22 of the *Retail Sales Tax Act* (Ontario), section 117 of the *Taxation Act, 2007* (Ontario), section 34 of the *Income Tax Act* (British Columbia), section 104 of the *Social Service Tax Act* (British Columbia), section 49 of the *Alberta Corporate Tax Act*, section 22 of *The Income Tax Act* (Manitoba), section 73 of *The Tax Administration and Miscellaneous Taxes Act* (Manitoba), section 14 of *An Act respecting the Ministère du Revenu* (Québec), section 85 of *The Income Tax Act, 2000* (Saskatchewan), section 48 of *The Revenue and Financial Services Act* (Saskatchewan) and section 56 of *the Income Tax Act* (Nova Scotia) or any other similar provincial or territorial tax legislation (collectively, the "**Tax Statutes**"), and the Monitor in making any such payments is not "distributing", nor shall be considered to "distribute" nor to have "distributed", such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of its making any payments ordered or permitted under the Plan, the Plan Sanction Order and this

Order, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under the Plan, the Plan Sanction Order and this Order and any claims of this nature are hereby forever barred.

16. **THIS COURT ORDERS** that any of the Taxing Authorities that administer the Tax Statutes referenced specifically in paragraph 15 above may apply to this Court within the next six days to vary or amend paragraph 15 hereof on not less than three days' notice to the Monitor, the LP Entities and the Ad Hoc Committee or upon such other notice, if any, as this Court may order. For greater certainty, no order shall be made varying, rescinding or otherwise affecting paragraph 15 hereof unless notice of a motion for such Order is served on the Monitor, the LP Entities and the Ad Hoc Committee returnable no later than July 12, 2010. The Monitor shall be entitled to apply to vary any term of this Order if an Order varying, amending or rescinding paragraph 15 (if any) is granted.

17. **THIS COURT ORDERS** that on and after the Plan Implementation Date, the Monitor shall be at liberty to engage such Persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under the Orders and to facilitate the completion of these proceedings and the winding up of the LP Entities' estates.

18. **THIS COURT ORDERS** that in addition to its prescribed rights in the CCAA and the powers granted by the Orders, the Monitor is empowered and authorized on and after the Plan Implementation Date to:

- (a) execute or complete any documents which may be necessary to assign the LP Entities or any one of them into bankruptcy and, for such purpose, to file an assignment in bankruptcy for the LP Entities or any one of them; and
- (b) to take such additional actions and execute such documents, in the name of and on behalf of the LP Entities, as the Monitor considers necessary or desirable in order to perform its functions and fulfill its obligations under this Order and to facilitate the completion of these proceedings and the winding up of the LP Entities' estates;

and in each case where the Monitor takes any such actions or steps, it shall be exclusively

authorized and empowered to do so, to the exclusion of all other Persons including the LP Entities, and without interference from any other Person.

19. **THIS COURT ORDERS** that, without limiting the provisions of the Initial Order, on and after the Plan Implementation Date, the LP Entities shall remain in possession and control of the LP Property (as defined in the Initial Order), if any, which remains following implementation of the Plan and the Monitor shall not be deemed to be in possession and/or control of any such remaining LP Property.

20. **THIS COURT ORDERS AND DECLARES** that on or prior to the Plan Implementation Date, the employees of the LP Entities will be offered employment on substantially similar terms and conditions of employment from the Purchaser in accordance with the Asset Purchase Agreement. Any employee of the LP Entities that does not accept the offer of employment contemplated in the immediately preceding sentence and any employee of the LP Entities who is on long-term disability who receives a conditional offer of employment (the “**Conditional Offer**”) from the Purchaser are hereby terminated on the Plan Implementation Date provided that, for greater certainty, the termination of any employee who receives a Conditional Offer shall not affect the validity and existence of such Conditional Offer. Nothing in the Plan, this Order or any the other Orders shall cause the Monitor to be responsible for any employee-related liabilities or duties including, without limitation, wages, severance pay, termination pay, vacation pay or pension benefit amounts. For greater certainty, any Person having employee related claims arising as a result of Plan implementation (or any of the transactions contemplated thereby) on or after the Plan Implementation Date will not have any recourse to the Administrative Reserve, the Unsecured Creditors’ Pool or the Monitor.

21. **THIS COURT ORDERS AND DECLARES** that nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of any of the LP Entities within the meaning of any relevant legislation.

22. **THIS COURT ORDERS** that, except as specifically provided for herein, nothing in this Order shall vary or amend any order or endorsement previously granted in these proceedings.

MONITOR PROTECTIONS

23. **THIS COURT ORDERS** that in addition to the rights and protections afforded the Monitor under the CCAA, the Plan and the Orders, the Monitor shall not be liable for any act or omission on the part of the Monitor, or any reliance thereon, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of duties or obligations under the Orders or the Plan or as requested by the LP Entities, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Subject to the foregoing, and in addition to the protections in favour of the Monitor as set out in the Orders, any claims against the Monitor in connection with the performance of its duties or obligations as set out in the Orders or the Plan are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA, any other applicable legislation or the Orders.

24. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on prior written notice to the Monitor and such further order securing, as security for costs, the full indemnity costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

ADDITIONAL PROVISIONS

25. **THIS COURT ORDERS** that Schedule "B" to the Vesting Order of this Court dated June 18, 2010 be and is hereby amended to reflect that the purchase agreement between London Life Insurance Company and Southam Inc. in respect of the Edmonton Leasehold Property municipally described as 10006-101 Street, Edmonton, AB is dated as of April 1, 1991.

26. **THIS COURT ORDERS** that this Order shall have full force and effect in all Provinces and Territories of Canada and abroad as against all Persons and parties against whom it may otherwise be enforced.

27. **THIS COURT ORDERS** that the LP Entities or the Monitor may apply to this Court for advice and direction, or to seek relief in respect of, any matters arising from or under this Order.

28. **THIS COURT ORDERS AND REQUESTS** the aid and recognition (including assistance pursuant to Section 17 of the CCAA) of any court or any judicial, regulatory or administrative body in any Province or Territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any Province or Territory or any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this Order.



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IN THE MATTER OF the COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,
AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST
PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC. AND CANWEST
(CANADA) INC.

Court File No: CV-10-8533-000

APPLICANTS

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ADMINISTRATIVE RESERVE AND TRANSITION
ORDER**

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
P.O. Box 50
Toronto, ON M5X 1B8

Lyndon A.J. Barnes (LSUC#13350D)
Tel: (416) 862-6679

Alexander Cobb (LSUC#45363F)
Tel: (416) 862-5964

Elizabeth Allen Putnam (LSUC#53194L)
Tel: (416) 862-6835
Fax: (416) 862-6666

Lawyers for the Applicants

F. 1117119