

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

APPLICANTS

CONSOLIDATED PLAN OF COMPROMISE

concerning, affecting and involving

**CANWEST (CANADA) INC., CANWEST PUBLISHING INC./PUBLICATIONS
CANWEST INC., CANWEST BOOKS INC., and CANWEST LIMITED PARTNERSHIP/
CANWEST SOCIÉTÉ EN COMMANDITE**

May 20, 2010

PLAN OF COMPROMISE

WHEREAS Canwest Publishing Inc./Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. (“**CBI**”), Canwest (Canada) Inc. (“**CCI**”) and Canwest Limited Partnership/Canwest Société en Commandite (the “**Limited Partnership**”, and together with CPI, CBI and CCI, the “**LP Entities**”) are insolvent;

AND WHEREAS the LP Entities filed for protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”);

AND WHEREAS the LP Entities obtained an order made by the Honourable Madam Justice Pepall of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the CCAA dated January 8, 2010 (the “**Filing Date**”), as amended pursuant to further orders of the Court made February 2, 2010, March 26, 2010, April 12, 2010 and April 28, 2010 (and as same may be further amended, restated or varied from time to time, the “**Initial Order**”);

AND WHEREAS the LP Entities have entered into an asset purchase agreement with 7535538 Canada Inc. and CW Acquisition Limited Partnership dated as of May 10, 2010, in the form attached hereto as Schedule “A” (excluding schedules thereto), as same may be amended, restated and varied from time to time in accordance with the terms thereof (the “**Asset Purchase Agreement**”) to purchase substantially all of the assets of the LP Entities;

AND WHEREAS the Asset Purchase Agreement contemplates a plan of compromise under the CCAA, which plan will provide, among other things, certain recoveries to stakeholders and safeguard substantial employment;

AND WHEREAS the LP Entities hereby propose and present this plan of compromise to the Affected Creditors (as defined below) under and pursuant to the CCAA:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In the Plan of Compromise, unless otherwise stated or unless the subject matter or context otherwise requires:

“**Acquired Assets**” shall have the meaning ascribed thereto in the Asset Purchase Agreement;

“**Acquisition**” means the acquisition by the Purchaser of the Acquired Assets as contemplated by the Asset Purchase Agreement and the Plan;

“**Acquisition Date**” shall have the meaning ascribed thereto in the Asset Purchase Agreement;

“**Ad Hoc Committee**” means the *ad hoc* committee of LP Noteholders and LP Subordinated Lenders;

“Administrative Agent” means The Bank of Nova Scotia or any successor in its capacity as administrative agent under the Senior Credit Agreement;

“Administrative Reserve” means a cash reserve in an amount to be agreed by the Monitor, the LP Entities and the Purchaser, not exceeding \$25,000,000, and approved by the Court pursuant to the Administrative Reserve Order, which reserve shall be established out of the Cash and Equivalents and to be deposited by the Monitor into the Administrative Reserve Account in accordance with the terms hereof for the purpose of paying the Administrative Reserve Costs in accordance with the Asset Purchase Agreement, the Administrative Reserve Order and the Plan;

“Administrative Reserve Account” means a segregated account established by the Monitor in escrow for the benefit of Persons entitled to be paid the Administrative Reserve Costs and the Purchaser in accordance with the Asset Purchase Agreement, the Administrative Reserve Order and the Plan;

“Administrative Reserve Costs” means administrative claims and costs outstanding on the Plan Implementation Date (or to the extent provided below arising thereafter) falling within one or more of the following categories (i) amounts secured by the administration charge, the LP MIP charge or financial advisor charge granted by the Court in the Initial Order including, in the case of the Monitor, the reasonable fees and costs of the Monitor with respect to the performance of its duties and obligations whether arising before or after the Plan Implementation Date, (ii) amounts secured by the directors’ and officers’ charge (including for greater certainty claims for wages indirectly secured by the directors’ and officers’ charge) granted by the Court in the Initial Order, (iii) Government Priority Claims, (iv) any portion of pre-filing vacation pay that is not part of Employee Priority Claims, (v) Pension Priority Claims, (vi) Trustee Fees and Costs, and (vii) Post-Filing Trade Payables, in each case to the extent not paid by the LP Entities or, in the case of (ii), (iii), (iv), (v), (vi) and (vii) above, assumed by Purchaser on or before the Plan Implementation Date;

“Administrative Reserve Order” means an Order of the Court, in form and substance satisfactory to the Purchaser and the LP Entities, acting reasonably, to be made in connection with the CCAA Case on or before the Plan Implementation Date that will set out the amount of the Administrative Reserve and the process for the administration of the Administrative Reserve by the Monitor, as same may be amended, restated or varied from time to time with the consent of the Purchaser and LP Entities;

“Affected Claim” means all Claims other than Unaffected Claims and includes the Claims of holders of Secured Claims (other than Senior Secured Creditors’ Claims) to the extent such Claims exceed the realizable value of the property subject to such security;

“Affected Creditor” means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim, including, without duplication, those LP Noteholders and LP Subordinated Lenders who have beneficial ownership of a Claim;

“Amended Claims Procedure Order” means the Order of the Honourable Madam Justice Pepall made April 12, 2010, as amended by further Order of the Court made May 17, 2010, and as same may be further amended, restated or varied from time to time;

“Applicable Law” means, in respect of any Person, property, transaction, event or other matter, any law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty or Order, domestic or foreign, applicable to that Person, property, transaction, event or other matter and all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, and policies, in each case, having the force of law, of any Governmental Authority having or purporting to have authority over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance;

“Asset Purchase Agreement” shall have the meaning ascribed thereto in the recitals;

“Assumed Liabilities” shall have the meaning ascribed thereto in the Asset Purchase Agreement;

“Business” means, collectively, the English language newspaper, digital and online business carried on by CPI and the respective business carried on by CBI, CCI and Limited Partnership;

“Business Day” means a day on which banks are open for business in Toronto and Winnipeg, but does not include a Saturday, Sunday or a statutory holiday in either the Province of Ontario or the Province of Manitoba;

“Canadian Creditor” means an Affected Creditor who is not, and is not controlled by, a citizen or subject of a country other than Canada;

“Canadian Creditor Declaration” means a declaration as to whether the applicable Affected Creditor is a Canadian Creditor, substantially in the form attached to the Meeting Order;

“Cash Amount” shall have the meaning ascribed thereto in section 7.3(b) of the Plan;

“Cash and Equivalents” means all cash, certificates of deposits, bank deposits, commercial paper, treasury bills and other cash equivalents of, and all of the cheques and cheque books of, the LP Entities;

“Cash Elected Amount” means, in respect of any Proven Claim and Disputed Claim of an Affected Creditor for which a valid Cash Election has been made or has been deemed to have been made in accordance with the Plan, a cash amount equal to the lesser of \$1,000 and the amount of such Proven Claim or Disputed Claim;

“Cash Election” means an election:

- (a) made by an Affected Creditor with a Proven Claim or a Disputed Claim greater than \$1,000 by delivering a duly completed and executed Cash Election form, substantially in the form attached to the Meeting Order, to the Monitor by no later than 5:00 p.m. (Toronto time) on June 7, 2010 or three (3) Business Days prior to the Creditors’ Meeting; and
- (b) deemed to have been made by all Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000;

pursuant to which such Affected Creditor has elected to receive the Cash Elected Amount and be deemed to vote in favour of the Plan in respect of its Proven Claim or Disputed Claim, as applicable;

“Cash Management Claims” means the Claims of The Bank of Nova Scotia arising under or pursuant to any agreement or other arrangements relating to the provision of cash management services to any of the LP Entities (including ordinary course spot foreign exchange transactions);

“CBI” shall have the meaning ascribed thereto in the recitals;

“CCAA” shall have the meaning ascribed thereto in the recitals;

“CCAA Case” means the proceedings commenced by way of an application for the Initial Order pursuant to the CCAA filed by CBI, CCI and CPI on the Filing Date;

“CCI” shall have the meaning ascribed thereto in the recitals;

“Charges” means the LP Administration Charge, the LP DIP Lenders’ Charge, the FA Charge, the LP Directors’ Charge and the LP MIP Charge, each as defined in the Initial Order;

“Claim” shall have the meaning ascribed thereto in the Amended Claims Procedure Order;

“Claims Bar Date” means 5:00 p.m. (Toronto time) on June 3, 2010 in respect of a Restructuring Period Claim, an Employee Claim and a Director/Officer Claim (as each capitalized term is defined in the Amended Claims Procedure Order) or May 7, 2010 in respect of all other Claims, as the case may be;

“CMI Entities” means Canwest Global Communications Corp., Canwest Media Inc. and all direct and indirect subsidiaries of Canwest Media Inc. other than the LP Entities, National Post and Echo Publications Partnership;

“Collateral Agency Agreement” shall have the meaning ascribed thereto in the Initial Order;

“Court” shall have the meaning ascribed thereto in the recitals;

“CPI” shall have the meaning ascribed thereto in the recitals;

“Creditor” means any Person having a Claim and may, where the context requires, include the assignee of a Claim or a personal representative, trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;

“Creditors’ Meeting” means the meeting of Affected Creditors to be called and held pursuant to the Meeting Order for the purpose of considering and voting upon the Plan, and includes any adjournment of such meeting;

“Deposit” means the sum of (i) \$10 million paid by or on behalf of the Purchaser to the Monitor on or before the date hereof; plus (ii) interest earned on the amount set out in (i);

“Designated Purchaser” shall have the meaning ascribed thereto in the Asset Purchase Agreement;

“DIP Administrative Agent” means The Bank of Nova Scotia or any successor in its capacity as administrative agent under the DIP Credit Agreement;

“DIP Claims Amount” means, at any time, the aggregate amount of all Claims of the lenders and the DIP Administrative Agent arising under or in connection with the DIP Credit Agreement;

“DIP Credit Agreement” means the senior-secured super priority debtor-in-possession credit agreement made as of February 5, 2010 between Limited Partnership, as borrower, the guarantors party thereto, The Bank of Nova Scotia, as administrative agent and arranger, The Bank of Nova Scotia, as an issuing bank, and the initial lenders and other lenders party thereto;

“DIP Lender Distribution Amount” means the payment to be made by the Purchaser to the DIP Administrative Agent, for and on behalf of the lenders party to the DIP Credit Agreement, under the Plan in respect of the DIP Claims Amount;

“Disputed Claim” means an Affected Claim that has not been finally determined as a Proven Claim in accordance with the Amended Claims Procedure Order and the Meeting Order;

“Disputed Claims Reserve” means the reserve, if any, to be established from the Unsecured Creditors’ Pool and maintained by the Monitor, on behalf of the LP Entities, which shall be initially comprised of the following:

- (a) the aggregate of all Cash Elected Amounts that would have been distributed on the Initial Distribution Date to Affected Creditors holding Disputed Claims equal to or less than \$1,000 and greater than \$1,000 who have made or are deemed to have made a valid Cash Election in accordance with the Plan if such Disputed Claims had been Proven Claims as of such date; and
- (b) the Shares that would have been distributed on the Initial Distribution Date to Affected Creditors holding Disputed Claims greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan if such Disputed Claims had been Proven Claims as of such date;

which shall be held by the Monitor in escrow for distribution in accordance with the Plan;

“Distribution Date” means the date or dates from time to time set in accordance with the provisions of the Plan to effect distributions in respect of the Proven Claims, including the Final Distribution Date but excluding the Initial Distribution Date;

“Distribution Materials Record Date” means a date to determined by the LP Entities, which date shall be posted on the Website and shall be not less than ten (10) days prior to the Plan Sanction Date;

“Effective Time” means 12:00 p.m. on the Plan Implementation Date or such other time on such date as the parties to the Asset Purchase Agreement may agree;

“Employee Priority Claims” means the following Claims of Employees and former or inactive employees of the LP Entities:

- (a) Claims equal to the amounts that such Employees and former or inactive employees would have been qualified to receive under paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* (Canada) if the LP Entities had become bankrupt on the Filing Date; and
- (b) Claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Business during the same period;

“Employees” means any and all (i) employees who are actively at work (including full-time, part-time or temporary employees) of the LP Entities, including Misaligned CMI Employees; and (ii) employees of the LP Entities who are on approved leaves of absence (including maternity leave, parental leave, short-term disability leave, workers’ compensation and other statutory leaves);

“Encumbrance” means any charge, mortgage, lien, pledge, claim, restriction, security interest or other encumbrance whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under the law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under the laws of the Province of Ontario;

“Filing Date” shall have the meaning ascribed thereto in the recitals;

“Final Distribution Date” means the earlier of (i) December 31, 2010; and (ii) the date which is ten (10) Business Days following the resolution of all Disputed Claims;

“Government Priority Claims” means all Claims of Governmental Authorities that are:

- (a) Claims by Her Majesty in Right of Canada pursuant to subsections 224(1.2) and 224(1.3) of the ITA;
- (b) Claims pursuant to any provision of the *Canada Pension Plan* or the *Employment Insurance Act* (Canada) that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or employee’s premium or employer’s premium as defined in the *Employment Insurance Act* (Canada), or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; and

- (c) Claims pursuant to any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
- (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

“Governmental Authority” means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government;

“Grievances” shall have the meaning ascribed thereto in the Amended Claims Procedure Order;

“Guarantee” of a Person means any absolute or contingent liability of that Person under any guarantee, agreement, endorsement (other than for collection or deposit in the ordinary course of business of that Person), discount with recourse or other obligation to pay, purchase, repurchase or otherwise be or become liable or obligated upon or in respect of any Indebtedness of any other Person and including any absolute or contingent obligation to:

- (a) advance or supply funds for the payment or purchase of any Indebtedness of any other Person;
- (b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any Person to make payment of Indebtedness or to assure the holder of the Indebtedness against loss; or
- (c) indemnify or hold harmless any Person from or against any losses, liabilities or damages, in circumstances intended to enable the Person to incur or pay any Indebtedness or to comply with any agreement relating thereto or otherwise to assure or protect creditors against loss in respect of the Indebtedness;

“Hedging Agreements” means the interest rate, currency and commodity hedging agreements entered into between an LP Entity and one or more Senior Lenders, in respect of which such LP Entity’s obligations are secured *pari passu* with the obligations under the Senior Credit Agreement;

“Holdco” means 7535538 Canada Inc., a corporation incorporated under the laws of Canada;

“Indebtedness” of a Person means, without duplication:

- (a) all debts and liabilities of that Person for borrowed money;
- (b) all debts and liabilities of that Person representing the deferred acquisition cost of property and services; and
- (c) all Guarantees given by that Person;

“Information Circular” means the circular prepared by the LP Entities, together with any other documents required by the Court in connection with the calling and holding of the Creditors’ Meeting to consider and approve the Plan;

“Initial Distribution Date” means a date not more than seven (7) days after the Plan Implementation Date or such other date specified in the Sanction and Vesting Orders;

“Initial Order” shall have the meaning ascribed thereto in the recitals;

“Insured Claims” shall have the meaning ascribed thereto in the Amended Claims Procedure Order;

“Intercompany Claims” shall have the meaning ascribed thereto in the Amended Claims Procedure Order and for greater certainty shall include Claims arising under or in connection with the Shared Services Agreement and the Omnibus Transition and Reorganization Agreement;

“ITA” means the *Income Tax Act* (Canada), as amended;

“Letter of Instruction” means a form, to be completed by Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not provided a valid Cash Election form to the Monitor in accordance with the Plan, and that is to be delivered by such Affected Creditors to the Monitor in accordance with the Plan, which form shall set out (i) the registration details for the Shares for such Affected Creditors, (ii) the address to which such Affected Creditors’ Shares are to be delivered; and (iii) whether such Affected Creditors elect to receive certificates representing their Shares registered in their name or as otherwise specified therein;

“Liabilities” of a Person means all Indebtedness, obligations and other liabilities of that Person whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due;

“Limited Partnership” shall have the meaning ascribed thereto in the recitals;

“LP CRA” means CRS Inc. in its capacity as Court-appointed Chief Restructuring Advisor of the LP Entities;

“LP Entities” shall have the meaning ascribed thereto in the recitals;

“LP MIP” shall have the meaning ascribed thereto in the Initial Order;

“LP Noteholders” means the holders of the LP Notes;

“LP Notes” means the US\$400 million of senior subordinated notes that bear interest at 9.25% that were issued pursuant to the note indenture dated July 13, 2007 with CanWest MediaWorks Limited Partnership as issuer, CanWest MediaWorks Publications Inc. and CBI as guarantors, the Bank of New York as U.S. Trustee, and BNY Trust Company of Canada as Canadian Trustee;

“LP Pension Plans” means each of the defined benefit and defined contribution pension plans that are sponsored, maintained, and administered by any LP Entity and that are required to be, and are, registered and regulated under the ITA and under applicable provincial minimum standards legislation, but excluding any Multi-Employer Plan;

“LP Senior Subordinated Credit Agreement” means the senior subordinated credit agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership, the Subordinated Agent, the LP Subordinated Lenders, and CanWest MediaWorks (Canada) Inc., CanWest MediaWorks Publications Inc. and CBI, as guarantors;

“LP Subordinated Lenders” means the syndicate of lenders that are parties to the LP Senior Subordinated Credit Agreement;

“Meeting Order” means the Order under the CCAA dated May 17, 2010 that, among other things, sets the date for the Creditors’ Meeting, as same may be amended, restated or varied from time to time;

“Misaligned CMI Employees” means the employees of the CMI Entities who devote a majority of their working time to the Business as identified in the letter dated May 10, 2010 from Osler, Hoskin & Harcourt LLP, counsel to the LP Entities, to Davies Ward Phillips & Vineberg LLP, counsel to the Purchaser;

“Monitor” means FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor of the LP Entities pursuant to the Initial Order;

“Multi-Employer Plan” means plans, arrangements, agreements, programs, policies, practices or undertakings, whether funded or unfunded, insured or uninsured, registered or unregistered to which the LP Entities or National Post are a party or bound or in which the Employees or former or inactive employees of the LP Entities or National Post participate or under which the LP Entities or National Post have, or will have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to any of its Employees or former or inactive employees (or any spouses, dependants, survivors or beneficiaries of any such persons) and which are not, sponsored, maintained or administered by the LP Entities or National Post or any of their affiliates, but for the avoidance of doubt including the Pacific Press Retirement Plan;

“National Post” means National Post Inc., a corporation incorporated under the laws of Canada;

“Omnibus Transition and Reorganization Agreement” means the Omnibus Transition and Reorganization Agreement to be entered into between Limited Partnership, CPI and certain CMI Entities, to address, *inter alia*, the matters described in section 9.12 of the Asset Purchase Agreement that is in form and substance satisfactory to the Purchaser and the LP Entities, acting reasonably, as such agreement may be amended from time to time;

“Order” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;

“Ordinary Course of Business” means the ordinary and usual course of the routine daily affairs of the Business and the business of National Post consistent with past practice, but having regard to the fact that the LP Entities are subject to the CCAA Case and the Shared Services Agreement;

“Pension Priority Claims” means all Claims for the payment of any of the following amounts that, in respect of the period up to the Plan Implementation Date are due and remain unpaid to the funds established in respect of CCAA prescribed pension plans of the LP Entities:

- (a) an amount equal to the sum of all amounts that were deducted from the employees’ remuneration for payment to such funds;
- (b) if any of the CCAA prescribed pension plans is regulated by an Act of Parliament:
 - (i) an amount equal to the normal cost, within the meaning of subsection 2(1) of the *Pension Benefits Standards Regulations, 1985*, that was required to be paid by the employer to the fund; and
 - (ii) an amount equal to the sum of all amounts that were required to be paid by the employer to the fund under a defined contribution provision, within the meaning of subsection 2(1) of the *Pension Benefits Standards Act, 1985*; and
- (c) in the case of any other CCAA prescribed pension plan:
 - (i) an amount equal to the amount that would be the normal cost, within the meaning of subsection 2(1) of the *Pension Benefits Standards Regulations, 1985*, that the employer would be required to pay to the fund if the prescribed plan were regulated by an Act of Parliament; and
 - (ii) an amount equal to the sum of all amounts that would have been required to be paid by the employer to the fund under a defined contribution provision, within the meaning of subsection 2(1) of the *Pension Benefits Standards Act, 1985*, if the prescribed plan were regulated by an Act of Parliament;

“Permitted Encumbrances” means the Encumbrances described in Schedule 1.1(110) of the Asset Purchase Agreement;

“Person” is to be broadly interpreted and includes an individual, a partnership, a corporation, a trust, a joint venture, any Governmental Authority, any trade union, any employee association or any incorporated or unincorporated entity or association of any nature and the executors, administrators, or other representatives of an individual in such capacity;

“Personal Property Leases” means the leases of personal property used by the LP Entities in connection with the Business, including all purchase options, prepaid rents, security deposits, warranties, licences and permits relating thereto and all leasehold improvements thereon;

“Plan” means this Plan of Compromise filed by the LP Entities under the CCAA, as such Plan may be amended, varied or supplemented by the LP Entities from time to time in accordance with the terms hereof;

“Plan Implementation Date” means the date on which all of the conditions precedent to the implementation of the Plan have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Asset Purchase Agreement and the Plan, waived, as evidenced by a certificate to that effect delivered to the Purchaser and subsequently filed with the Court by the Monitor, with the consent of the Purchaser, provided that the Plan Implementation Date shall not occur prior to the Acquisition Date;

“Plan Sanction Date” means the date that the Sanction and Vesting Orders are made by the Court;

“Post-Filing Trade Payables” means trade payables that were incurred by the LP Entities (i) after the Filing Date and before the Plan Implementation Date, (ii) in the Ordinary Course of Business, and (iii) in compliance with the Initial Order and other Orders issued in connection with the CCAA Case;

“Prior Ranking Secured Claims” means Claims existing on both the Filing Date and the Plan Implementation Date, other than Government Priority Claims, Employee Priority Claims, Pension Priority Claims and Claims secured by the Charges, that (i) have the benefit of a valid and enforceable security interest in, mortgage or charge over, lien against or other similar interest in, any of the assets that the LP Entities own or to which the LP Entities are entitled, but only to the extent of the realizable value of the property subject to such security, and (ii) would have ranked senior in priority to the Claims under the Senior Credit Agreement or a Hedging Agreement (other than any Cash Management Claims) if the LP Entities had become bankrupt on the Filing Date;

“Pro Rata Share” means, on the Initial Distribution Date and any Distribution Date, as applicable, that number of Shares equal to the product of: (i) the amount of the Affected Creditor’s Proven Claim divided by the sum of: (A) the aggregate amount of all Proven Claims greater than \$1,000 held by Affected Creditors who have not made a valid Cash Election in accordance with the Plan; and (B) the aggregate amount of all Disputed Claims greater than \$1,000 held by Affected Creditors who have not made a valid Cash Election in accordance with the Plan; and (ii) the total number of Shares in the Unsecured Creditors’ Equity Pool;

“Proof of Claim” means the form to be completed and filed by a Creditor by the applicable Claims Bar Date setting forth its applicable Claim;

“Proven Claim” means a Claim by an Affected Creditor proven in accordance with the Amended Claims Procedure Order and the Meeting Order;

“Purchase Price” shall have the meaning ascribed thereto in the Asset Purchase Agreement;

“Purchaser” means CW Acquisition Limited Partnership and/or a Designated Purchaser, as applicable;

“Purchaser Note” means a promissory note issued by the Purchaser in favour of CPI in the principal amount of \$150,000,000 less the aggregate of the Cash Elected Amount in respect of Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan;

“RBC” means RBC Dominion Securities Inc., a member company of RBC Capital Markets;

“Record Date” means May 18, 2010;

“Released Party” shall have the meaning ascribed thereto in section 8.1;

“Required Majority” means a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims of such Affected Creditors who actually vote on the resolution approving the Plan (in person, by proxy or by ballot) at the Creditors’ Meeting or were deemed to vote on such resolution;

“Sanction and Vesting Orders” means the Order or Orders to be granted by the Court as contemplated under the Plan and the Asset Purchase Agreement approving and sanctioning the Plan and the transactions contemplated under the Plan and the Asset Purchase Agreement, and vesting in the Purchaser title to and in all of the Acquired Assets free and clear of all Encumbrances, other than Permitted Encumbrances, each in form and substance satisfactory to the Purchaser and the LP Entities, acting reasonably;

“Secured Claim” means a Claim that has the benefit of a valid and enforceable security interest in, mortgage or charge over (including the Charges), lien against or other similar interest in, any of the assets that the LP Entities own or to which the LP Entities are entitled, to the extent of the realizable value of the property subject to such security, but for greater certainty does not include Government Priority Claims, Employee Priority Claims or Pension Priority Claims;

“Senior Credit Agreement” means the Credit Agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership (now Limited Partnership), as Borrower, the guarantors party thereto from time to time, as guarantors, the lenders party thereto from time to time, as Senior Lenders, and the Administrative Agent on behalf of the Senior Lenders, as amended from time to time;

“Senior Lender Distribution Amount” means the payments to be made by the Purchaser to the Administrative Agent, for and on behalf of the Administrative Agent and the Senior Lenders, under the Plan in respect of the Senior Secured Claims Amount;

“Senior Lenders” means the lenders party to the Senior Credit Agreement from time to time;

“Senior Secured Claims Amount” means an amount sufficient to be distributed to the Senior Lenders in indefeasible repayment in full of all amounts owing under the Senior Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement;

“Senior Secured Creditors” means the Administrative Agent, the Senior Lenders, the DIP Administrative Agent and the lenders party to the DIP Credit Agreement;

“Senior Secured Creditors’ Claims” means all Claims and Encumbrances in respect of or securing the Liabilities of the LP Entities under or pursuant to the Senior Credit Agreement, the Hedging Agreements, the DIP Credit Agreement and the Collateral Agency Agreement (including, for greater certainty, all further Claims or entitlements to receive any other payment, distribution or other amount under the Plan or through the CCAA Case);

“Share Amount” shall have the meaning ascribed thereto in section 7.3(a) of the Plan;

“Shared Services Agreement” means the Agreement on Shared Services and Employees dated October 26, 2009 among Canwest Global Communications Corp., Limited Partnership, Canwest Media Inc., CPI, Canwest Television Limited Partnership and National Post Holdings Ltd. and The National Post Company/La Publication National Post (as subsequently assigned to National Post), as amended from time to time;

“Shares” means, collectively, the Voting Shares and the Variable Voting Shares;

“Special Committee” shall have the meaning ascribed thereto in the Initial Order;

“Subordinated Agent” means The Bank of Nova Scotia, as Administrative Agent under the LP Senior Subordinated Credit Agreement or any successor thereof;

“Taxing Authorities” means anyone of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and **“Taxing Authority”** means any one of the Taxing Authorities;

“Trustee Fees and Costs” means the fees and costs of any trustee in bankruptcy that may be appointed in respect of any of the LP Entities upon or following the completion of the Acquisition;

“Unaffected Claims” means:

- (a) Claims of the Purchaser arising from or relating to the Administrative Reserve Order with respect to its residual claim, if any, in the Administrative Reserve that is not used to satisfy the payment in full of the Administrative Reserve Costs;
- (b) Secured Claims, including the Senior Secured Creditors’ Claims but not the Prior Ranking Secured Claims referred to in paragraph (c) below;
- (c) Prior Ranking Secured Claims in respect of lessors under Personal Property Leases and Permitted Encumbrances;
- (d) Employee Priority Claims;
- (e) Government Priority Claims;
- (f) Pension Priority Claims;
- (g) Intercompany Claims;
- (h) Insured Claims;
- (i) all Grievances or claims that can only be advanced in the form of a Grievance pursuant to the terms of a collective bargaining agreement;
- (j) Cash Management Claims; and
- (k) any other Claim excluded under the Amended Claims Procedure Order;

“Unaffected Creditors” means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

“Unsecured Creditors’ Cash Pool” means the cash pool, which shall be in an amount equal to the aggregate of the Cash Elected Amount in respect of Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan, from which distributions to such Affected Creditors are to be made pursuant to and in accordance with the Plan;

“Unsecured Creditors’ Class” means the class of Affected Creditors entitled to vote on the Plan at the Creditors’ Meeting;

“Unsecured Creditors’ Equity Pool” means the equity pool, which shall be comprised of the Voting Shares purchased by CPI on the Plan Implementation Date pursuant to and in accordance with the Plan and the Asset Purchase Agreement (the number, rounded down to the nearest whole number, of which Shares will be equal to the principal amount of the Purchaser Note divided by a price per Share of \$13.3333), from which distributions to Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan are to be made pursuant to and in accordance with the Plan;

“Unsecured Creditors’ Pool” shall be comprised of the Unsecured Creditors’ Cash Pool and the Unsecured Creditors’ Equity Pool;

“Variable Voting Shares” means the Class NC variable voting shares in the capital of Holdco;

“Voting Claim” means the amount of the Affected Claim of an Affected Creditor as determined for voting purposes at the Creditors’ Meeting in accordance with the provisions of the Amended Claims Procedure Order, the Meeting Order, the Plan and the CCAA;

“Voting Shares” means the Class C voting shares in the capital of Holdco;

“Website” means <http://cfcanada.fticonsulting.com/clp/>; and

“Withholding Obligation” shall have the meaning ascribed thereto in section 5.9 of the Plan.

1.2 Certain Rules of Interpretation

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (c) unless otherwise specified, all references to currency are to Canadian dollars;
- (d) the division of the Plan into “articles” and “sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “articles” and “sections” intended as complete or accurate descriptions of the content thereof;
- (e) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a Schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (f) the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

- (g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (j) references to a specified "article" or "section" shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified Article or Section of the Plan, whereas the terms "the Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to the Plan and not to any particular "article", "section" or other portion of the Plan and include any documents supplemental hereto; and
- (k) the word "or" is not exclusive.

1.3 Successors and Assigns

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person or party named or referred to in the Plan.

1.4 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions shall be subject to the jurisdiction of the Court.

1.5 Schedule

The following is the Schedule to the Plan, which is incorporated by reference into the Plan and forms a part of it:

Schedule "A"

Asset Purchase Agreement (without schedules)

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose:

The purpose of the Plan is:

- (a) to effect a compromise, settlement and payment of all Affected Claims as finally determined for distribution purposes by the Amended Claims Procedure Order, the Meeting Order and the Plan;
- (b) to implement the closing of the Asset Purchase Agreement;
- (c) to enable the Purchaser to continue the Business and the operation of National Post as a going concern from and after the Plan Implementation Date; and
- (d) to safeguard substantial employment;

in the expectation that all Persons with an economic interest in the LP Entities will derive a greater benefit from the implementation of the Plan than would result from a bankruptcy of the LP Entities.

2.2 Persons Affected

The Plan provides for a compromise of the Affected Claims and a restructuring of the Business. The Plan will become effective at the Effective Time on the Plan Implementation Date and shall be binding on and enure to the benefit of the LP Entities, the Affected Creditors, past and present directors or officers of the LP Entities and all other Persons named or referred to in, or subject to, the Plan.

2.3 Persons Not Affected

For greater certainty, the Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims. Nothing in the Plan shall affect the LP Entities' rights and defences, both legal and equitable, with respect to any Unaffected Claims including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

ARTICLE 3
CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS

3.1 Classification of Creditors

For the purposes of considering and voting on the Plan, the Affected Creditors shall constitute a single class, the "**Unsecured Creditors' Class**".

3.2 Claims of Affected Creditors

- (a) Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 shall:
 - (i) be deemed to have made a Cash Election and have elected to receive the Cash Elected Amount in respect of their Proven Claim or Disputed Claim in accordance with the Plan; and
 - (ii) be deemed to vote in favour of the Plan;
- (b) Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 shall:
 - (i) be entitled to make a Cash Election in accordance with the Plan;
 - (ii) be entitled to vote their Voting Claims at the Creditors' Meeting in respect of the Plan if a valid Cash Election is not made in accordance with the Plan;
 - (iii) be deemed to vote in favour of the Plan if a valid Cash Election is made in accordance with the Plan; and
 - (iv) receive the rights and distributions provided for under and pursuant to the Plan.

3.3 Unaffected Claims

No holder of an Unaffected Claim shall:

- (a) be entitled to vote on the Plan at the Creditors' Meeting; or
- (b) receive distributions in respect of such Unaffected Claims, unless specifically provided for under and pursuant to the Plan.

3.4 Claims of the Senior Secured Creditors

The Senior Secured Creditors shall be entitled to receive payment in full of the Senior Lender Distribution Amount and the DIP Lender Distribution Amount pursuant to and in accordance with the Plan.

3.5 Priority Claims

The Prior Ranking Secured Claims in respect of lessors under Personal Property Leases and Permitted Encumbrances, the Employee Priority Claims, the Government Priority Claims and the Pension Priority Claims shall be assumed by the Purchaser on the Plan Implementation Date pursuant to and in accordance with the Plan.

3.6 Creditors' Meeting

The Creditors' Meeting shall be held in accordance with the Plan, the Amended Claims Procedure Order, the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Creditors' Meeting are the Monitor and its legal counsel; those Persons, including the holders of proxies, entitled to vote at the Creditors' Meeting and their legal counsel and advisors; representatives of the LP Entities and their respective legal counsel and advisors; Holdco, Purchaser and their respective legal counsel and advisors; and representatives of the Ad Hoc Committee and their legal counsel and advisors. Any other Person may be admitted on invitation of the chair of the Creditors' Meeting.

3.7 Voting

Each Creditor of the Unsecured Creditors' Class who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Meeting Order, shall be entitled to one vote equal to the dollar value of its Claim determined as a Voting Claim. For greater certainty, only those LP Noteholders and LP Subordinated Lenders who have beneficial ownership of a Claim as at the Record Date shall be entitled to vote at the Creditors' Meeting pursuant to and in accordance with the Meeting Order.

3.8 Procedure for Valuing Voting Claims

The procedure for valuing Voting Claims and resolving disputes and entitlement to voting is set forth in the Amended Claims Procedure Order, the Meeting Order and the Plan. The LP Entities and the Monitor shall have the right to seek the assistance of the Court in valuing any Voting Claim in accordance with the Amended Claims Procedure Order, the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

3.9 Approval by Creditors

In order to be approved, the Plan must receive the affirmative vote in the Required Majority of the Unsecured Creditors' Class.

3.10 Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim which is compromised under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under the Plan shall be entitled to any greater rights as against the LP Entities than the Person whose Claim is compromised under the Plan.

3.11 Set-Off

The law of set-off applies to all Affected Claims.

ARTICLE 4
UNSECURED CREDITORS' POOL AND THE ADMINISTRATIVE RESERVE

4.1 Composition of the Unsecured Creditors' Cash Pool

On the Plan Implementation Date, the Purchaser shall pay the aggregate of all Cash Elected Amounts to the Monitor pursuant to section 7.3(g) of the Plan, which shall be held by the Monitor as the Unsecured Creditors' Cash Pool. The Monitor shall hold the Unsecured Creditors' Cash Pool in escrow in a separate interest-bearing account for distribution to Affected Creditors with Proven Claims and Disputed Claims (to the extent such Disputed Claims subsequently become Proven Claims) equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims (to the extent such Disputed Claims subsequently become Proven Claims) greater than \$1,000 who have made a valid Cash Election in accordance with the Plan, pursuant to and in accordance with the Plan.

4.2 Composition of the Unsecured Creditors' Equity Pool

On the Plan Implementation Date, CPI shall deliver to the Monitor the Voting Shares purchased by it from Holdco on the Plan Implementation Date pursuant sections 7.3(l) of the Plan, which shall be held by the Monitor as the Unsecured Creditors' Equity Pool. The Monitor shall hold the Unsecured Creditors' Equity Pool in escrow for distribution to Affected Creditors with Proven Claims and Disputed Claims (to the extent such Disputed Claims subsequently become Proven Claims) greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan, pursuant to and in accordance with the Plan.

4.3 The Administrative Reserve

On the Plan Implementation Date, the Administrative Reserve shall be established out of the Cash and Equivalents, which is to be held by the Monitor in a separate Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs in accordance with the Administrative Reserve Order and the Plan, with any remaining balance to be distributed to the Purchaser in accordance with the Administrative Reserve Order.

ARTICLE 5
PROVISIONS REGARDING DISTRIBUTIONS AND PAYMENTS

The Affected Creditors shall receive the distributions provided herein on account of their Affected Claims, and on the Plan Implementation Date, the Affected Claims will be affected and compromised in accordance with the terms of the Plan.

5.1 Distribution Mechanics

In order to give effect to a distribution of Shares to Affected Creditors under the Plan, the following steps will be taken:

- (a) on or after the Distribution Materials Record Date the LP Entities shall send by prepaid first class mail, courier, email or facsimile to Affected Creditors to the address for such Affected Creditor as of the Distribution Materials Record Date specified in the Proof of Claim, or as evidenced by any assignment or transfer in

accordance with section 5.8(b) of the Plan, a blank Letter of Instruction and a blank Canadian Creditor Declaration;

- (b) each Affected Creditor shall deliver to the Monitor a duly completed and executed Letter of Instruction and, if the Affected Creditor is a Canadian Creditor, a duly completed and executed Canadian Creditor Declaration that must be received by the Monitor on or before the Plan Sanction Date or such other date as the Monitor may agree;
- (c) to effect distributions on the Initial Distribution Date and each subsequent Distribution Date the Monitor shall deliver an omnibus direction to Holdco or its agent, as applicable, directing Holdco or its agent, as applicable, to transfer Shares from CPI to Affected Creditors in accordance with such omnibus direction and to deliver such share certificates in accordance with such omnibus direction. The omnibus direction delivered by the Monitor shall be based on information set forth in section 5.1(b) of the Plan that it has received and the amount of such Affected Creditor's Proven Claim. The omnibus direction shall include the following information:
 - (i) registration and delivery details of each Affected Creditor entitled to receive Shares on such distribution date;
 - (ii) the number and class of Shares to be transferred from CPI to each Affected Creditor on such distribution date;
 - (iii) a copy of the Canadian Creditor Declaration with respect to each Affected Creditor who is receiving Voting Shares; and
 - (iv) whether such Affected Creditor has elected to receive certificates representing the Shares registered in its name or as otherwise specified therein;
- (d) Share certificates or, at the option of the Affected Creditor, such other evidence of share ownership specified in the Letter of Instruction, shall be sent by Holdco or its agent, as applicable, (at the expense of Holdco) by registered mail or courier to the address for such Affected Creditor specified in the Proof of Claim or Letter of Instruction delivered by such Affected Creditor to the Monitor in accordance with section 5.1(b) of the Plan;
- (e) Holdco, or its agent, as applicable, shall deliver to the Monitor a share certificate registered in the name of CPI for the remainder of the Voting Shares following the transfer of Shares to Affected Creditors from CPI on the Initial Distribution Date and each subsequent Distribution Date;
- (f) With respect to the distributions to be made to Affected Creditors pursuant to the Plan, no fractional Shares of Holdco will be issued. Recipients of Shares will have their share entitlements adjusted downwards to the nearest whole number of Shares to eliminate any such fractions and no compensation will be given for the fractional interest. On the Final Distribution Date, to the extent any Shares

remain as a result of the downward adjustments to eliminate fractions made in connection with the distribution on such day, those remaining Shares shall be donated to Holdco for immediate cancellation; and

- (g) The Monitor shall be authorized and directed to execute and deliver on behalf of CPI or on its own behalf all such stock transfers, omnibus directions, and other instruments which are necessary or advisable in the reasonable business judgment of the Monitor to effect the distributions in accordance with the Plan, and Holdco or its agent, as applicable, shall be authorized and directed to accept all such stock transfers, omnibus directions, and other instruments when received.

5.2 Distributions from the Unsecured Creditors' Pool

Subject to the Disputed Claims Reserve to be held by the Monitor in escrow, the Unsecured Creditors' Pool shall be distributed by the Monitor, on behalf and for the account of CPI, on the Initial Distribution Date and each subsequent Distribution Date as follows:

- (a) Each Affected Creditor:
 - (i) with a Proven Claim equal to or less than \$1,000; and
 - (ii) with a Proven Claim greater than \$1,000 and who has made a valid Cash Election in accordance with the Plan;

shall receive a distribution from the Unsecured Creditors' Cash Pool in such Affected Creditor's Cash Elected Amount by way of cheque sent by prepaid ordinary mail to the address for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor; and

- (b) Each Affected Creditor with a Proven Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan, shall receive a distribution of Shares such that after giving effect to that distribution and any prior distributions, each Affected Creditor shall have received its Pro Rata Share. Each such Affected Creditor who is a Canadian Creditor who has completed a Canadian Creditor Declaration that has been received by the Monitor on or before the Plan Sanction Date, or such other date as the Monitor may agree, shall receive from Holdco or its agent, as applicable, in accordance with this section, Voting Shares and each Affected Creditor who has not completed a Canadian Creditor Declaration shall receive Variable Voting Shares.

5.3 Payment to the Senior Secured Creditors

On the Plan Implementation Date and in accordance with section 7.3 hereof, the Purchaser, on behalf and for the account of the LP Entities, shall:

- (a) make payments to the Administrative Agent by way of cash and wire transfer(s) (in accordance with wire transfer instructions provided to the applicable LP Entities and the Monitor at least three (3) Business Days prior to the Plan Implementation Date) in the sum of the Senior Lender Distribution Amount; and

- (b) make payment to the DIP Administrative Agent by way of wire transfer(s) (in accordance with wire transfer instructions provided to CPI and the Monitor at least three (3) Business Days prior to the Plan Implementation Date) in the sum of the DIP Lender Distribution Amount;

in full satisfaction, payment, settlement, release and discharge of all Senior Secured Creditors' Claims. The LP Entities, the Monitor and the Purchaser shall have no liability or obligation in respect of such distributions to any of the Senior Secured Creditors in respect of the Senior Secured Creditors' Claims once the wire transfer(s) to the Administrative Agent and the DIP Administrative Agent have been initiated.

5.4 Payment of Administrative Reserve Costs

On the Plan Implementation Date, the Administrative Reserve Account will be funded in accordance with section 4.3 of the Plan and the Administrative Reserve Order.

5.5 Currency

Unless specifically provided for in the Plan or the Sanction and Vesting Orders, for the purposes of voting or distribution, a Claim (other than Senior Secured Creditors' Claims) shall be denominated in Canadian dollars and all payments and distributions to the Creditors on account of their Claims shall be made in Canadian dollars. Any Claim (other than Senior Secured Creditors' Claims) in a currency other than Canadian dollars must be converted to Canadian dollars, and such amount shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date, which rate is CDN\$1.0344:US\$1.0000.

5.6 Interest

Interest shall not accrue or be paid on Affected Claims after the Filing Date, and no holder of an Affected Claim shall be entitled to interest accruing on or after the Filing Date.

5.7 Treatment of Undeliverable Distributions

If any Affected Creditor's distribution by way of cheque, share certificate(s) or otherwise is returned as undeliverable or is not cashed, no further distributions to such Affected Creditor shall be made unless and until the LP Entities and the Monitor are notified by such Affected Creditor of such Affected Creditor's current address, at which time all such distributions shall be made to such Affected Creditor without interest, if applicable. All claims for undeliverable or uncashed distributions in respect of Proven Claims must be made on or before June 30, 2011, after which date the Proven Claims of any Affected Creditor or successor of such Affected Creditor with respect to such unclaimed or uncashed distributions shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any federal or provincial laws to the contrary, at which time the cash amount held by the Monitor in relation to the Proven Claim shall be returned to the Purchaser and the Shares held by the Monitor in relation to the Proven Claim shall be donated to Holdco for immediate cancellation. Nothing contained in the Plan shall require the LP Entities or the Monitor to attempt to locate any holder of a Proven Claim.

5.8 Assignment of Claims for Voting and Distribution Purposes

(a) *Assignment of Claims Prior to the Creditors' Meeting*

Subject to any restrictions contained in Applicable Laws, an Affected Creditor of the LP Entities (other than an LP Noteholder or an LP Subordinated Lender) may transfer or assign the whole of its Claim prior to the Creditors' Meeting provided that the LP Entities shall not be obliged to deal with any such transferee or assignee as an Affected Creditor in respect thereof, including allowing such transferee or assignee to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the LP Entities and the Monitor on or before May 27, 2010. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Amended Claims Procedure Order constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. For greater certainty, the LP Entities shall not recognize partial transfers or assignments of Claims.

(b) *Assignment of Claims Subsequent to the Creditors' Meeting*

Subject to any restrictions contained in Applicable Laws:

- (i) an Affected Creditor of the LP Entities with a Proven Claim or a Disputed Claim equal to or less than \$1,000 and an Affected Creditor with a Proven Claim or a Disputed Claim greater than \$1,000 who has made a valid Cash Election in accordance with the Plan may transfer or assign the whole of its Claim after the Creditors' Meeting provided that the LP Entities shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the LP Entities and the Monitor on or before on the Plan Sanction Date, or such other date as the Monitor may agree; and
- (ii) an Affected Creditor of the LP Entities (other than an LP Noteholder or an LP Subordinated Lender) with a Proven Claim or a Disputed Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan may transfer or assign the whole of its Claim after the Creditors' Meeting provided that the LP Entities shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment and a duly completed and executed Letter of Instruction has been received by the LP Entities and the Monitor on or before the Plan Sanction Date, or such other date as the Monitor may agree, provided further that if such transferee or assignee wishes to receive distributions of Voting Shares, such transferee or assignee must also provide the Monitor and the LP Entities with a duly completed Canadian Creditor Declaration on or before Plan Sanction Date, or such other date as the Monitor may agree. For greater certainty, a transferee or assignee of an Affected Creditor of the LP Entities with a Proven Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan shall only be entitled to

receive Variable Voting Shares unless such transferee or assignee provides the Monitor and the LP Entities with a duly completed Canadian Creditor Declaration on or before the Plan Sanction Date, or such other date as the Monitor may agree.

Thereafter, such transferee or assignee shall, for all purposes in accordance with the Amended Claims Procedure Order constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Claim. For greater certainty, the LP Entities shall not recognize partial transfers or assignments of Claims.

(c) *Assignment of LP Noteholder Claims and LP Subordinated Lender Claims*

Notwithstanding anything to the contrary herein, those LP Noteholders and LP Subordinated Lenders who have a beneficial ownership of a Claim shall not be restricted from transferring or assigning, in whole or in part, their respective Claims at any time provided that the LP Entities shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the LP Entities and the Monitor together with a Letter of Instruction on or before the Plan Sanction Date, or such other date as the Monitor may agree, and provided further that if such transferee or assignee wishes to receive distributions of Voting Shares, such transferee or assignee must also provide the Monitor and the LP Entities with a duly completed Canadian Creditor Declaration on or before the Plan Sanction Date, or at such other date as the Monitor may agree. For greater certainty, a transferee or assignee of an Affected Creditor of the LP Entities with a Proven Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan shall only be entitled to receive Variable Voting Shares unless such transferee or assignee provides the Monitor and the LP Entities with a duly completed Canadian Creditor Declaration on or before the Plan Sanction Date, or such other date as the Monitor may agree.

5.9 Withholding and Reporting Requirements

The LP Entities and the Monitor shall be entitled to deduct and withhold from any distribution, payment or consideration otherwise payable to any Affected Creditor or to any Person on behalf of any Affected Creditor such amounts (a “**Withholding Obligation**”) as the LP Entities or the Monitor is required to deduct and withhold with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded.

To the extent that amounts are so withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a holder of a Proven Claim pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Monitor for the payment and satisfaction of any Withholding Obligations imposed on the Monitor or the LP Entities by any Taxing Authority.

ARTICLE 6
PROCEDURE FOR DISTRIBUTIONS REGARDING DISPUTED CLAIMS

6.1 No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim, in whole or in part.

6.2 Distributions After Disputed Claims Resolved

- (a) On the last Business Day of every month (or more frequently as the Monitor may determine in its sole and unfettered discretion), the Monitor, on behalf of the LP Entities, shall distribute in accordance with sections 5.1 and 5.2 of the Plan from the Disputed Claims Reserve to:
 - (i) each holder of a Disputed Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, that has become a Proven Claim on or before the third Business Day prior to a Distribution Date (other than the Final Distribution Date), the appropriate portion of Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions, such Affected Creditor shall have received its Pro Rata Share; and
 - (ii) each other holder of a Proven Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, the appropriate portion of Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions each such Affected Creditor on such Distribution Date shall have received its Pro Rata Share.
- (b) On the last Business Day of every month (or more frequently as the Monitor may determine in its sole and unfettered discretion), the Monitor, on behalf of the LP Entities, shall distribute in accordance with section 5.1 and 5.2 of the Plan from the Disputed Claims Reserve to each holder of a Disputed Claim that has become a Proven Claim on or before the third Business Day prior to such Distribution Date who has made or been deemed to have made a valid Cash Election in accordance with the Plan and who has not yet received a cash distribution, the appropriate portion of cash in the Disputed Claims Reserve in respect of such Affected Claim that would have been distributed on the Initial Distribution Date had such Disputed Claim been a Proven Claim.
- (c) On the Final Distribution Date, any balance that remains in the Disputed Claims Reserve shall be distributed by the Monitor as follows:
 - (i) any remaining portion of the Cash Elected Amounts that remain in the Disputed Claims Reserve shall be paid to the Purchaser; and

- (ii) any Shares that remain in the Disputed Claims Reserve shall be distributed in accordance with section 5.1 and 5.2 of the Plan such that after giving effect to that distribution and any prior distributions each Affected Creditor with Proven Claims on the Final Distribution Date shall have received its Pro Rata Share.

Any Disputed Claims to the extent they have not become Proven Claims on or before the Final Distribution Date shall be forever discharged, barred and released, without any compensation therefor.

ARTICLE 7 COMPANY REORGANIZATION

7.1 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate action of the LP Entities will occur and be effective as of the Plan Implementation Date, and will be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction and Vesting Orders, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the LP Entities. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the LP Entities, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by the Plan shall be deemed to be effective and shall have no force and effect.

7.2 Pre-Plan Implementation Date Transactions

The following steps shall occur, and be deemed to have occurred and be effected, sequentially in the following order without any further act or formality prior to the implementation of the Plan:

- (a) The LP Entities shall prepare the Information Circular and shall cause the Information Circular to be sent or otherwise made available to the Affected Creditors in accordance with the Meeting Order and any other Persons as may be required by the Court or under Applicable Law; and
- (b) Based solely on the information provided by the Affected Creditors to the Monitor, the Monitor shall advise the Purchaser of the aggregate Cash Elected Amount not less than three (3) Business Days prior to the Plan Implementation Date.

7.3 Plan Implementation Date Transactions

The following steps and compromises and releases to be effected in the implementation of the Plan shall occur, and be deemed to have occurred sequentially in the following order

except that steps (e) through (k) shall occur simultaneously, without any further act or formality on the Plan Implementation Date beginning at the Effective Time:

- (a) If, and to the extent that, any of the Affected Creditors entitled to receive Shares are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the amount ultimately determined to be payable to such Affected Creditors (the "**Share Amount**") in accordance with the Plan;
- (b) If, and to the extent that, any of the Affected Creditors that have made or are deemed to have made a valid Cash Election in accordance with the Plan are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the amount ultimately determined to be payable to such Affected Creditors (the "**Cash Amount**") in accordance with the Plan;
- (c) in consideration for the assumption by CPI of the liability to pay the Share Amount and the Cash Amount, each of the Limited Partnership, CCI and CBI shall assign to CPI its entitlement to receive such portion of the Purchase Price allocable to it pursuant to section 4.1 of the Asset Purchase Agreement as is equal to the aggregate of the Share Amount and the Cash Amount applicable to the Affected Creditors of the Limited Partnership, CCI and CBI, respectively;
- (d) the LP Entities shall pay from the Cash and Equivalents:
 - (i) all fees and disbursements owing as at the Plan Implementation Date to the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, the LP CRA and counsel to the LP CRA;
 - (ii) all fees and disbursements owing as at the Plan Implementation Date to RBC pursuant to the engagement letter dated October 1, 2009 between CPI, the Limited Partnership and RBC, including the Sale/Restructuring Fee contemplated therein, which engagement letter was approved by the Court pursuant to the terms of the Initial Order; and
 - (iii) any amounts then due and payable under the LP MIP;
- (e) The Senior Lender Distribution Amount shall be paid to the Administrative Agent as follows:
 - (i) Monitor shall release from escrow to the Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the Senior Credit Agreement, the Deposit; and
 - (ii) The remainder of the Senior Secured Claims Amount as at the Plan Implementation Date shall be paid by the Purchaser to the Administrative Agent:
 - (A) on behalf and for the account of CCI, in its capacity as guarantor, CBI, in its capacity as guarantor, and the Limited Partnership, in its

capacity as borrower or counterparty, to the extent of the portion of the Purchase Price allocable to CCI, CBI and the Limited Partnership, respectively, pursuant to section 4.1 of the Asset Purchase Agreement less the amount, if any, of such portion of the Purchase Price, the entitlement to which has been assigned to CPI pursuant to paragraph (c) above; and

- (B) on behalf of CPI, in its capacity as guarantor, as to the remainder;
- (f) Purchaser shall pay to the DIP Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the DIP Credit Agreement, the DIP Lender Distribution Amount, if any;
- (g) Purchaser shall pay to the Monitor, on behalf and for the account of CPI, the aggregate of all Cash Elected Amounts in respect of Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan;
- (h) Purchaser shall deliver to CPI the Purchaser Note;
- (i) Purchaser shall assume the Assumed Liabilities;
- (j) Purchaser shall assume the Prior Ranking Secured Claims in respect of lessors under Personal Property Leases and Permitted Encumbrances, the Employee Priority Claims, the Government Priority Claims and the Pension Priority Claims;
- (k) Pursuant to and in accordance with the Sanction and Vesting Orders, all right, title and interest of the LP Entities in and to the Acquired Assets shall vest in the Purchaser, free and clear of all Encumbrances (other than the Permitted Encumbrances);
- (l) CPI shall purchase that number of Voting Shares, rounded down to the nearest whole number, equal to the principal amount of the Purchaser Note divided by a price per Share of \$13.3333 in exchange for the Purchaser Note and shall, in its capacity as guarantor to the extent Shares are to be distributed to Affected Creditors whose Claim consists of a debt guaranteed by CPI, deliver such Shares to the Monitor;
- (m) The Unsecured Creditors' Pool shall be deemed to be held by the Monitor in escrow for distribution in accordance with the Plan;
- (n) Monitor shall:
 - (i) administer the Unsecured Creditors' Cash Pool, which shall be held by the Monitor in escrow for the benefit of the Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000

who have made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan;

- (ii) administer the Unsecured Creditors' Equity Pool with the Shares purchased by CPI pursuant to section 7.3(l), which shall be held by the Monitor in escrow for the benefit of the Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan; and
- (iii) maintain and administer the Disputed Claims Reserve in accordance with the Plan;
- (o) the Administrative Reserve shall be established and the Monitor shall deposit such Administrative Reserve into the Administrative Reserve Account, which shall be held and distributed by the Monitor in accordance with the Plan and the Administrative Reserve Order;
- (p) Holdco shall purchase additional limited partnership interests of the Purchaser in exchange for the cancellation of the Purchaser Note;
- (q) Purchaser shall make a payment to Holdco in the amount equal to the aggregate of all costs incurred by Holdco in connection with the Acquisition and the Plan, including all financial advisory fees and expenses, legal fees and expenses and fees and expenses paid to rating agencies;
- (r) each of the Charges shall be terminated, discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool and, except as may otherwise be provided in the Administrative Reserve Order, the Administrative Reserve; and
- (s) the compromises with the Affected Creditors and the Release referred to in section 8.1 shall become effective in accordance with the Plan.

ARTICLE 8 RELEASES

8.1 Plan Releases

On the Plan Implementation Date, the LP Entities, the Monitor, FTI Consulting Canada Inc., the LP CRA, the Special Committee, the Canadian and U.S. indenture trustees in respect of the LP Notes, the Ad Hoc Committee and each and every present and former shareholder, director, officer, member (including members of any committee or governance council), employee, auditor, financial advisor, legal counsel and agent thereof and any Person claiming to be liable derivatively through any or all of the foregoing Persons (being herein referred to individually as a "**Released Party**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or

other Person may be entitled to assert, including any and all Claims in respect of statutory liabilities of present and former directors, officers, members and employees of the LP Entities and any alleged fiduciary or other duty (whether acting as a director, officer, member, employee or acting in any other capacity in connection with the administration or management of the LP Pension Plans or otherwise), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with the Claims, the business and affairs of the LP Entities whenever or however conducted, the administration and/or management of the LP Pension Plans, the Plan, the CCAA Case, any Claim that has been barred or extinguished by the Amended Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the LP Entities' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge any Released Party for criminal or other wilful misconduct or present or former directors of the LP Entities with respect to matters set out in section 5.1(2) of the CCAA.

ARTICLE 9 COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION

9.1 Application for Sanction Order

If the Required Majority of the Affected Creditors approves the Plan, the LP Entities shall apply for the Sanction and Vesting Orders on or before the date set for the hearing of the Sanction and Vesting Orders or such later date as the Court may set. The Sanction and Vesting Orders shall not become effective until the Plan Implementation Date.

9.2 Sanction and Vesting Orders

The Sanction and Vesting Orders will have effect from and after the Effective Time and shall, among other things:

- (a) declare that (i) the Plan has been approved by the Required Majority of Affected Creditors in conformity with the CCAA; (ii) the LP Entities have complied with the provisions of the CCAA and the Orders of the Court made in these proceedings in all respects; (iii) the Court is satisfied that the LP Entities have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (b) declare that as of the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon the LP Entities, all Affected Creditors and all other Persons and Parties affected by the Plan as of the Effective Time;
- (c) declare that the steps to be taken prior to the Plan Implementation Date are deemed to occur and be effected in the sequential order contemplated by section 7.2 of the Plan;

- (d) declare that the steps to be taken and the compromises and releases to be effective on the Plan Implementation Date are deemed to occur and be effected in the sequential order contemplated by section 7.3 of the Plan on the Plan Implementation Date, beginning at the Effective Time;
- (e) declare that each of the Charges shall be terminated, discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool and, except as may otherwise be provided in the Administrative Reserve Order, the Administrative Reserve;
- (f) compromise, discharge and release the LP Entities from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the LP Entities in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims;
- (g) declare that all right, title and interest of the LP Entities in and to the Acquired Assets shall vest in the Purchaser, free and clear of all Encumbrances (other than the Permitted Encumbrances);
- (h) discharge and extinguish all Encumbrances (other than Permitted Encumbrances), including all security registrations against the LP Entities in favour of any Affected Creditor;
- (i) discharge, bar and extinguish the Senior Secured Creditors' Claims and all Encumbrances in respect thereof;
- (j) declare that any Claims for which a Proof of Claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;
- (k) seek that the stay of proceedings under the Initial Order be extended to, and including, the Final Distribution Date;
- (l) declare that, subject to performance by the LP Entities of their obligations under the Plan, all obligations, agreements or leases to which any of the LP Entities is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Date, unless disclaimed or resiliated or deemed to be disclaimed or resiliated by the LP Entities pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:
 - (i) of any event which occurred prior to, and not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived

- under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;
- (ii) that the LP Entities have sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
 - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the LP Entities;
 - (iv) of the effect upon the LP Entities of the completion of any of the transactions contemplated under the Plan;
 - (v) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan; or
 - (vi) of the assignment of any obligations, agreements, leases or other arrangements pursuant to the Asset Purchase Agreement;
- (m) stay the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceed with against any Released Party in respect of all Claims and any matter which is released pursuant to section 8.1 herein;
 - (n) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;
 - (o) authorize and direct the Monitor to execute and deliver on behalf of CPI or on its own behalf all such stock transfers, omnibus directions, and other instruments which are necessary or advisable in the reasonable business judgment of the Monitor to effect the distributions in accordance with the Plan, and authorize and direct Holdco or its agent, as applicable, to accept all such stock transfers, omnibus directions, and other instruments when received;
 - (p) declare that all distributions and payments by or at the direction of the Monitor, in each case on behalf of the LP Entities, to the Affected Creditors under the Plan are for the account of the LP Entities and the fulfillment of their obligations under the Plan;
 - (q) declare that upon completion by the Monitor of its duties in respect of the LP Entities pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Amended Claims Procedure Order and distributions made by or at the direction of the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination stating that all of its duties in respect of the LP Entities pursuant to the CCAA and the Orders have been completed and thereupon, FTI Consulting Canada Inc. shall be deemed to be discharged from its duties as Monitor of the LP Entities and the Charges shall be released; and

- (r) declare that the LP Entities and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan.

9.3 Conditions Precedent to Implementation of a Plan

The implementation of the Plan shall be conditional upon the satisfaction or waiver of all conditions precedent under the Asset Purchase Agreement in accordance with the terms of the Asset Purchase Agreement, and the Asset Purchase Agreement not having been terminated.

9.4 Monitor's Certificate

Upon delivery of written notice from the Purchaser and the LP Entities of the satisfaction of the conditions set out in section 9.3 of the Plan, the Monitor shall deliver to the Purchaser and the LP Entities a certificate stating that the Plan Implementation Date has occurred and that all of the LP Entities' right, title and interest in and to the Acquired Assets have vested absolutely in the Purchaser, free and clear of all Encumbrances, other than Permitted Encumbrances, in accordance with the Sanction and Vesting Orders. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court.

ARTICLE 10 GENERAL

10.1 Binding Effect

On the Plan Implementation Date:

- (a) the Plan will become effective at the Effective Time;
- (b) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the LP Entities, all Affected Creditors, the past and present directors or officers of the LP Entities, the Purchaser and all other Persons and Parties named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (c) all Affected Claims shall be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;
- (d) each Affected Creditor will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and
- (e) each Affected Creditor shall be deemed to have executed and delivered to the LP Entities all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

10.2 Waiver of Defaults

From and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults of the LP Entities then existing or previously committed by the LP

Entities, or caused by the LP Entities, any of the provisions in the Plan or steps contemplated in the Plan, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, guarantee, agreement for sale or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the LP Entities and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under any such agreement shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the LP Entities from performing its obligations under the Plan or be a waiver of defaults by the LP Entities under the Plan and the related documents. This section does not affect the rights of any Person to pursue any recoveries for a Claim that may be obtained from a guarantor (other than the LP Entities) and any security granted by such guarantor.

10.3 Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Amended Claims Procedure Order.

10.4 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

10.5 Non-Consummation

The LP Entities reserve the right to revoke or withdraw the Plan at any time prior to the Plan Sanction Date. If the LP Entities revoke or withdraw the Plan, or if the Sanction and Vesting Orders are not issued, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan including the fixing or limiting to an amount certain any Claim, any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the LP Entities or any other Person; (ii) prejudice in any manner the rights of the LP Entities or any other Person in any further proceedings involving the LP Entities; or (iii) constitute an admission of any sort by the LP Entities or any other Person.

10.6 Modification of the Plan

- (a) The LP Entities reserve the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan with the consent of the Purchaser, acting reasonably, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to the Creditors' Meeting, communicated to the Affected Creditors in the manner required by the Court (if so required); and (ii) if made following the Creditors' Meeting, approved by the Court following notice to the Affected Creditors.
- (b) Notwithstanding section 10.6(a), any amendment, restatement, modification or supplement may be made by the LP Entities with the consent of the Monitor and

the Purchaser, acting reasonably, or pursuant to an Order following the Plan Sanction Date, provided that it concerns a matter which, in the opinion of the LP Entities, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Orders or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors.

- (c) Any amended, restated, modified or supplementary plan or plans of compromise filed with the Court and, if required by this section, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in the Plan.

10.7 Paramountcy

Except with respect to the Unaffected Claims, from and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) the Plan; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the LP Entities, lease or other agreement, written or oral and any and all amendments or supplements thereto (other than the Asset Purchase Agreement) existing between one or more of the Affected Creditors and the LP Entities as at the Plan Implementation Date;

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction and Vesting Orders, which shall take precedence and priority.

10.8 Severability of Plan Provisions

If, prior to the Plan Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the LP Entities and with the consent of the Purchaser, shall have the power to either (a) sever such term or provision from the balance of the Plan and provide the LP Entities with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alternation or interpretation, and provided that the LP Entities proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

10.9 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Case and the Plan with respect to the LP Entities and will not be responsible or liable for any obligations of the LP Entities.

10.10 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

10.11 Notices

Any notice of other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile or email addressed to the respective Parties as follows:

If to the LP Entities:

c/o Canwest Limited Partnership
1450 Don Mills Road
Don Mills, Ontario M3B 2X7
Attention: Doug Lamb
Fax: (416) 442-2135
Email: dlamb@canwest.com

with a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place, Suite 6100
Toronto, Ontario M5X 1B8
Attention: Edward A. Sellers / Marc S. Wasserman
Fax: (416) 862-6666
Email: esellers@osler.com / mwasserman@osler.com

If to a Creditor:

to the address or facsimile number or email address for such Creditor specified in the Proof of Claim filed by such Creditor;

If to the Monitor:

FTI Consulting Canada Inc.
79 Wellington Street West, Suite 2010
Toronto, Ontario M5K 1G8
Attention: Paul Bishop
Fax: (416) 649-8101
Email: paul.bishop@fticonsulting.com

with a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Attention: Daphne MacKenzie
Fax: (416) 947-0866
Email: dmackenzie@stikeman.com

If to the Purchaser:

CW Acquisition Limited Partnership
c/o Davies Ward Phillips & Vineberg LLP
1 First Canadian Place, Suite 4400
Toronto, Ontario
M5X 1B1
Attention: Jay A. Swartz and Cameron M. Rusaw
Fax: (416) 863-0871
Email: jswartz@dwpv.com/crusaw@dwpv.com

or to such other address as any party may from time to time notify the others in accordance with this section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

10.12 Further Assurances

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

DATED as of the 20th day of May, 2010.

SCHEDULE "A"
ASSET PURCHASE AGREEMENT
(without schedules)

ASSET PURCHASE AGREEMENT

Dated as of May 10, 2010

Between

7535538 CANADA INC.

and

CW ACQUISITION LIMITED PARTNERSHIP

and

CANWEST BOOKS INC.

and

CANWEST (CANADA) INC.

and

CANWEST LIMITED PARTNERSHIP/CANWEST SOCIÉTÉ EN COMMANDITE

and

CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST INC.

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ASSET PURCHASE AGREEMENT

This Agreement is dated as of May 10, 2010 between

7535538 CANADA INC.
("Holdco")

and

CW ACQUISITION LIMITED PARTNERSHIP
("Purchaser")

and

CANWEST BOOKS INC.
("Canwest Books")

and

CANWEST (CANADA) INC.
("Canwest GP")

and

**CANWEST LIMITED PARTNERSHIP/CANWEST SOCIÉTÉ EN
COMMANDITE**
("Canwest LP")

and

CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST INC.
("CPI")

RECITALS

- A. The LP Entities carry on the Business and CPI owns all of the issued and outstanding shares of National Post.
- B. The LP Entities voluntarily commenced proceedings under the CCAA pursuant to the Initial Order.
- C. In connection with the CCAA Case, the LP Entities have agreed to sell to Purchaser and Purchaser has agreed to purchase from the LP Entities substantially all of the assets, property and undertaking of and relating to the Business, on the terms and conditions of this Agreement.

THEREFORE, the Parties agree as follows:

ARTICLE 1 - INTERPRETATION

Section 1.1 Definitions

In this Agreement:

(1) “**Accounts Payable**” means amounts relating to the Business owing to any Person as of the Acquisition Time, which are incurred by the LP Entities on or after the Filing Date in connection with the purchase of goods or services in the Ordinary Course of Business and in accordance with the terms of the Initial Order and this Agreement.

(2) “**Accounts Receivable**” means all accounts receivable, notes receivable, loans receivable and other evidences of Indebtedness and rights of the LP Entities to receive payment and the security arrangements and collateral securing the repayment and satisfaction of the foregoing.

(3) “**Accrued Liabilities**” means liabilities relating to the Business incurred by the LP Entities as of the Acquisition Time but on or after the Filing Date in the Ordinary Course of Business and in accordance with the terms of the Initial Order and this Agreement, including liabilities in respect of pre and post-filing accruals for vacation pay for Transferred Employees, customer rebates and allowances for product returns.

(4) “**Acquired Assets**” means all right, title and interest of the LP Entities in and to all properties, assets, interests and rights used in connection with or otherwise relating to the Business, including the following:

- (a) the Accounts Receivable, including all debts owed by National Post to CPI;
- (b) Cash and Equivalents;
- (c) the Actions;
- (d) the Books and Records (other than Books and Records of National Post);
- (e) the Contracts;
- (f) the Goodwill;
- (g) the Intellectual Property;
- (h) the Inventory;
- (i) the Licences;
- (j) the Personal Property Leases;
- (k) the Prepaid Expenses;
- (l) the Real Property;
- (m) the Real Property Leases;

- (n) the shares of National Post; and
- (o) the Tangible Personal Property;

provided, for greater certainty, that “Acquired Assets” does not include the Excluded Assets.

(5) “**Acquisition**” means the acquisition by Purchaser of the Acquired Assets as contemplated by this Agreement.

(6) “**Acquisition Date**” means the third Business Day after the date that the Sanction and Vesting Orders become Final Orders, provided that if the Marketing Period has not ended at the time of the satisfaction or waiver of the conditions set forth in Article 10 (other than those conditions that by their nature cannot be satisfied until the Acquisition Date, but subject to the fulfillment or waiver of those conditions), then the Acquisition Date shall occur instead on the date following the satisfaction or waiver of such conditions that is the earliest to occur of (a) any business day before or during the Marketing Period as may be specified by Purchaser on no less than three Business Days’ prior notice to the LP Entities and (b) the final day of the Marketing Period, or such other date, time, or place as agreed to in writing by the parties hereto. For purposes of this Agreement, the term “**Marketing Period**” shall mean the first period of 20 days beginning on the delivery of the Required Information (together with the authorization letter referred to in Section 9.10(1)(i)), throughout which (i) Purchaser shall have the Required Information and (ii) the conditions set forth in Section 10.2 have been satisfied (other than the conditions set forth in Section 10.2(5)(ii) and Section 10.2(10)(ii) and conditions that by their nature can only be satisfied on the Acquisition Date) and nothing has occurred and no condition exists that would cause any of the conditions set forth in Section 10.1 to fail to be satisfied assuming the Acquisition Date were to be scheduled for any time during such 20-day period; provided that: (x) the “**Marketing Period**” shall be deemed not to have commenced if, prior to the completion of such 20-day period, PricewaterhouseCoopers LLP or the then LP Entities’ auditors shall have withdrawn its audit or review opinion with respect to any of the financial statements contained in the Required Information, (y) the Marketing Period shall be extended until the date that the Sanction and Vesting Orders become Final Orders, and (z) notwithstanding any of the foregoing, if the financial statements included in the Required Information that are available to Purchaser on the first day of any such 20-day period would be required to be updated pursuant to Rule 3-12 of Regulation S-X on any day during such 20-day period if a registration statement using such financial statements were to be filed with the SEC on such date, then a new 20-day period shall commence.

(7) “**Acquisition Time**” means 12:00 p.m. on the Acquisition Date or such other time on such date as the Parties may agree.

(8) “**Actions**” means all rights of action and claims whatsoever of the LP Entities against third parties arising by reason of any facts or circumstances that occurred or existed before the Acquisition Time whether or not an action or other proceeding shall have been commenced before the Acquisition Time.

(9) “**Administrative Agent**” means The Bank of Nova Scotia or any successor in its capacity as administrative agent under the Senior Credit Agreement.

(10) **“Administrative Reserve”** means a cash reserve in an amount to be agreed by the Monitor, the LP Entities and Purchaser, not exceeding \$25,000,000, and approved by the CCAA Court pursuant to the Administrative Reserve Order, which reserve shall be established by the Monitor out of the LP Entities’ Cash and Equivalents as a segregated account held in trust by the Monitor for the benefit of Persons entitled to be paid the Administrative Reserve Costs and Purchaser, in accordance with the terms hereof for the purpose of paying the Administrative Reserve Costs in accordance with the terms hereof and the Administrative Reserve Order.

(11) **“Administrative Reserve Account”** means an account established by the Monitor in trust in accordance with this Agreement and the Administrative Reserve Order.

(12) **“Administrative Reserve Costs”** means administrative claims and costs outstanding on the Acquisition Date (or to the extent provided below arising thereafter) falling within one or more of the following categories (i) amounts secured by the administration charge, the LP MIP charge or financial advisor charge granted by the CCAA Court in the Initial Order including, in the case of the Monitor, the reasonable fees and costs of the Monitor with respect to the performance of its duties and obligations whether arising before or after the Acquisition Date, (ii) amounts secured by the directors’ and officers’ charge (including for greater certainty claims for wages indirectly secured by the directors’ and officers’ charge) granted by the CCAA Court in the Initial Order, (iii) Government Priority Claims, (iv) any portion of pre-filing vacation pay that is not part of Employee Priority Claims, (v) Pension Priority Claims, (vi) Trustee Fees and Costs, and (vii) Post-Filing Trade Payables, in each case to the extent not paid by the LP Entities or, in the case of (ii), (iii), (iv), (v) and (vii) above, assumed by Purchaser on or before the Acquisition Date.

(13) **“Administrative Reserve Order”** means an Order of the CCAA Court, in form and substance satisfactory to Purchaser and the LP Entities, acting reasonably, to be made in connection with the CCAA Case on or before the Acquisition Date that will set out the amount of the Administrative Reserve and the process for the administration of the Administrative Reserve by the Monitor.

(14) **“Affiliate”** of a Person means any Person that directly or indirectly Controls, is Controlled by, or is under common Control with, that Person, and for greater certainty includes a subsidiary.

(15) **“Agreement”** means this agreement and all schedules to this agreement, as may be amended from time to time in accordance with the terms hereof.

(16) **“Applicable Law”** means, in respect of any Person, property, transaction, event or other matter, any law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty or Order, domestic or foreign, applicable to that Person, property, transaction, event or other matter and all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, and policies, in each case, having the force of law, of any Governmental Authority having or purporting to have authority over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance.

(17) **“Approval Order”** has the meaning given to it in Section 14.6.

(18) “**Assumed Contracts**” means all Contracts, Personal Property Leases and Real Property Leases, other than the Excluded Contracts and Leases.

(19) “**Assumed Liabilities**” means (i) Accounts Payable, Deferred Revenue Obligations, Accrued Liabilities and Insured Litigation Deductibles, (ii) the other Liabilities of the LP Entities relating to the Business accrued due on, or accruing due subsequent to, the Acquisition Date under the Assumed Contracts, Licences and the Permitted Encumbrances, (iii) the Liabilities of the LP Entities relating to the Transferred Employees, and (iv) other Liabilities to be assumed by Purchaser as specifically provided for under this Agreement.

(20) “**Books and Records**” means the Financial Records and all other books, records, files and papers of the LP Entities (other than minute books and corporate records) and National Post relating to the Business or the Acquired Assets and the business and assets of National Post, including drawings, engineering information, computer programs (including source code), software programs, manuals and data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel, employment and other records, and all such records, data and information stored electronically, digitally or on computer-related media.

(21) “**Business**” means, collectively, the English language newspaper, digital and online businesses carried on by CPI and the respective business carried on by Canwest Books, Canwest GP and Canwest LP.

(22) “**Business Day**” means a day on which banks are open for business in Toronto and Winnipeg, but does not include a Saturday, Sunday or a holiday in either the Province of Ontario or the Province of Manitoba.

(23) “**Cash and Equivalents**” means all cash, certificates of deposits, bank deposits, commercial paper, treasury bills and other cash equivalents of, and all of the cheques and cheque books of, the LP Entities.

(24) “**Cash Elected Amount**” means, in respect of any Proven Claim of an unsecured creditor of the LP Entities, a cash amount equal to the lesser of \$1,000 and the amount of such Proven Claim.

(25) “**Cash Election**” means an election made or deemed to be made by an unsecured creditor of the LP Entities prior to the date of the creditors’ meeting pursuant to and in accordance with the CCAA Plan pursuant to which such creditor has elected or been deemed to have elected to receive the Cash Elected Amount in respect of the Proven Claim of such creditor, and is deemed to vote in favour of the CCAA Plan.

(26) “**CCAA**” means *Companies’ Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended from time to time.

(27) “**CCAA Case**” means the proceedings commenced by way of an application for the Initial Order pursuant to the CCAA filed by Canwest Books, Canwest GP and CPI on the Filing Date.

(28) “**CCAA Court**” means the Ontario Superior Court of Justice (Commercial List).

(29) **“CCAA Plan”** means the plan of compromise or arrangement reflecting the transactions contemplated by this Agreement substantially on the terms set out in the outline attached as Schedule 1.1(29) and in form and substance satisfactory to Purchaser and the LP Entities, acting reasonably, to be filed by the LP Entities in the CCAA Case in accordance with this Agreement.

(30) **“Claims”** means any right of any Person against any of the LP Entities in connection with any Indebtedness, liability or obligation of any kind of such LP Entity owed to such Person and any interest accrued thereon or costs or other amounts payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, and for greater certainty, includes any claim that would have been provable if the LP Entities had become bankrupt on the Filing Date.

(31) **“Claims Procedure Order”** means the claims procedure order issued by the CCAA Court on April 12, 2010 in connection with the CCAA Case, as amended from time to time.

(32) **“CMI Entities”** means Canwest Global Communications Corp., Canwest Media Inc. and all direct and indirect subsidiaries of Canwest Media Inc. other than the LP Entities, National Post and Echo Publications Partnership.

(33) **“Commissioner”** means the Commissioner of Competition under the *Competition Act* (Canada).

(34) **“Common Shares”** means either voting common shares or limited voting common shares in the capital of Holdco, as applicable.

(35) **“Competition Act Approval”** means either (a) the applicable waiting period under section 123 of the *Competition Act* (Canada) shall have expired or been waived, and the Commissioner shall have advised Purchaser that she does not intend to make an application under section 92 of the *Competition Act* (Canada) in respect of the Acquisition, and any terms and conditions attached to any such advice are acceptable to Purchaser, acting reasonably; or (b) the Commissioner shall have issued an advance ruling certificate under section 102(1) of the *Competition Act* (Canada) to the effect that the Commissioner is satisfied that she would not have sufficient grounds upon which to apply to the Competition Tribunal for an order under section 92 of the *Competition Act* (Canada) in respect of the Acquisition.

(36) **“Computer Systems”** means all computer hardware, peripheral equipment, software and firmware, processed data, technology infrastructure and other computer and communication systems and services that are used by the LP Entities to receive, store, process or transmit data, to carry on the Business, to carry on their day to day operations and affairs, or otherwise.

(37) **“Confidential Information”** has the meaning given in Section 9.6(1).

(38) **“Consent”** means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person (other than an LP Entity or National Post) which is provided for or required in respect of or pursuant to the terms of any Material Contract or any material

Personal Property Lease or material Real Property Lease or any material Intellectual Property in connection with the Acquisition, to permit Purchaser to use the Acquired Assets to carry on the Business after the Acquisition Date or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

(39) “**Contaminant**” means any substance, product, element, radiation, vibration, sound or matter regulated or giving rise to liability under any Environmental Law (including any defined as “hazardous product,” “dangerous goods,” “waste,” “toxic substance,” “contaminant,” “pollutant,” “deleterious substance”) or the presence of which in the environment is likely to affect adversely the quality of the environment or human health in any way.

(40) “**Contracts**” means all contracts and agreements relating to the Business to which any of the LP Entities is a party as at the Acquisition Time, including the Shared Services Agreement and the Omnibus Transition and Reorganization Agreement (other than the Personal Property Leases and the Real Property Leases, but including the LP Leased Property Leases).

(41) “**Control**” of a Person by another Person means that the second Person directly or indirectly possesses the power to direct or cause the direction of the management and policies of the first Person, whether through the ownership of securities, by contract or by any other means and “controlled by” and “under common control with” have corresponding meanings.

(42) “**Credit Acquisition**” has the meaning given to it in the LP Support Agreement between the LP Entities and the Administrative Agent, dated January 8, 2010, as amended from time to time.

(43) “**Debt Commitment Letter**” has the meaning given to it in Section 8.6.

(44) “**Deferred Revenue Obligations**” means obligations of the LP Entities incurred in the Ordinary Course of Business in respect of prepaid circulation and advertising revenues of the Business that by their terms are to be satisfied following the Acquisition Time.

(45) “**Deposit**” means the sum of (i) \$10 million paid by or on behalf of Purchaser to the Monitor on or before the date hereof; plus (ii) interest earned on the amount set out in (i) in accordance with the SISP Procedures.

(46) “**Designated Purchaser**” has the meaning given to it in Section 12.2.

(47) “**DIP Administrative Agent**” means The Bank of Nova Scotia or any successor in its capacity as administrative agent under the DIP Credit Agreement.

(48) “**DIP Claims Amount**” means, at any time, the aggregate amount of all Claims of the lenders and the DIP Administrative Agent arising under or in connection with the DIP Credit Agreement.

(49) “**DIP Credit Agreement**” means the senior-secured super priority debtor-in-possession credit agreement made as of February 5, 2010 between Canwest LP, as borrower, the guarantors party thereto, The Bank of Nova Scotia, as administrative agent and arranger, The Bank of Nova Scotia, as an issuing bank, and the initial lenders and other lenders party thereto.

(50) “**DIP Lender Distribution**” means the payments to be made to the DIP Administrative Agent for and on behalf of the lenders under the DIP Credit Agreement under the CCAA Plan in respect of the amount referred to in Section 2.4(1)(b).

(51) “**Employee Priority Claims**” means the following Claims of Employees and former or inactive employees of the LP Entities:

- (a) Claims equal to the amounts that such Employees and former or inactive employees would have been qualified to receive under paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* (Canada) if the LP Entities had become bankrupt on the Filing Date; and
- (b) Claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the Acquisition Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Business during the same period.

(52) “**Employees**” means any and all (i) employees who are actively at work (including full-time, part-time or temporary employees) of the LP Entities, including Misaligned CMI Employees; and (ii) employees of the LP Entities who are on approved leaves of absence (including maternity leave, parental leave, short-term disability leave, workers’ compensation and other statutory leaves).

(53) “**Employment Laws**” means all Applicable Laws relating to employment and labour, including those relating to wages, hours of work, employment or labour standards, collective bargaining, labour or industrial relations, pension benefits, human rights, pay equity, employment equity, workers’ compensation or workplace safety and insurance, employer health tax, employment insurance, income tax withholdings, Canada or Quebec Pension Plan and occupational health and safety.

(54) “**Encumbrance**” means any charge, mortgage, lien, pledge, claim, restriction, security interest or other encumbrance whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under the law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under the laws of the Province of Ontario.

(55) “**Environmental Claim**” includes a claim, notice, administrative order, citation, complaint, summons, writ, proceeding or demand relating to remediation, investigation, monitoring, emergency response, decontamination, restoration or other action under any Environmental Law or any notice, claim, demand or other communication alleging or asserting liability, either direct or indirect, and either in whole or by way of contribution or indemnity, for investigatory, monitoring or cleanup costs, Governmental Authority response costs, damages, personal injuries, fines, penalties or for other relief, and arising out of, based on or resulting from (a) the presence, or Release into the environment, of any Contaminant, or (b) any non-compliance or alleged non-compliance with any Environmental Law, or (c) otherwise relating to obligations or liabilities under any Environmental Law.

- (56) “**Environmental Laws**” means all Applicable Laws relating to or imposing liability or standards of conduct concerning the protection and preservation of the environment, health or safety.
- (57) “**Environmental Permits**” means Licences issued pursuant to an Environmental Law.
- (58) “**Equity Commitment Letter**” has the meaning given to it in Section 8.6.
- (59) “**Equity Sponsors**” has the meaning given to it in Section 8.6.
- (60) “**Excluded Assets**” has the meaning given to it in Section 3.1.
- (61) “**Excluded Contracts and Leases**” means all Contracts, Personal Property Leases and Real Property Leases described in Schedule 3.1(3) (Scheduled Excluded Assets).
- (62) “**Excluded Liabilities**” means all Liabilities of the LP Entities other than the Assumed Liabilities, and for certainty Excluded Liabilities includes all of the Liabilities described in Schedule 1.1(62).
- (63) “**Filing Date**” means January 8, 2010.
- (64) “**Final Order**” means, in respect of any Order, such Order after (i) the expiry of applicable appeal periods; or (ii) in the event of an appeal or application for leave to appeal or to stay, vary, supersede, set aside or vacate such Order, final determination of such appeal or application by the applicable court or appellate tribunal.
- (65) “**Financial Records**” means all books of account and other financial data and information of the LP Entities or National Post relating to the Business or the Acquired Assets or the business or assets of National Post and all such records, data and information stored electronically, digitally or on computer-related media.
- (66) “**Funds**” has the meaning given to it in Section 5.3(1).
- (67) “**GAAP**” means, at any time, generally accepted accounting principles in effect in Canada at that time, including the accounting recommendations published in the Handbook of the Canadian Institute of Chartered Accountants.
- (68) “**Goodwill**” means all goodwill of the LP Entities including (i) the goodwill related to the Business at the Acquisition Time, and (ii) the right to represent Purchaser as carrying on the Business in continuation of, and in succession to the LP Entities.
- (69) “**Government Priority Claims**” means all Claims of Governmental Authorities that are:
- (a) Claims by Her Majesty in Right of Canada pursuant to subsections 224(1.2) and 224(1.3) of the ITA;
 - (b) Claims pursuant to any provision of the Canada Pension Plan or the *Employment Insurance Act* (Canada) that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the Canada Pension Plan, or employee’s premium or employer’s premium as defined in the *Employment*

Insurance Act (Canada), or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts;

- (c) Claims pursuant to any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
- (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
 - (ii) is of the same nature as a contribution under the Canada Pension Plan if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a “provincial pension plan” as defined in that subsection.

(70) “**Governmental Authority**” means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

(71) “**GST**” means goods and services or harmonized sales tax imposed under Part IX of the GST Act.

(72) “**GST Act**” means the *Excise Tax Act (Canada)*.

(73) “**Guarantee**” of a Person means any absolute or contingent liability of that Person under any guarantee, agreement, endorsement (other than for collection or deposit in the ordinary course of business of that Person), discount with recourse or other obligation to pay, purchase, repurchase or otherwise be or become liable or obligated upon or in respect of any Indebtedness of any other Person and including any absolute or contingent obligation to:

- (a) advance or supply funds for the payment or purchase of any Indebtedness of any other Person;
- (b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any Person to make payment of Indebtedness or to assure the holder of the Indebtedness against loss; or
- (c) indemnify or hold harmless any Person from or against any losses, liabilities or damages, in circumstances intended to enable the Person to incur or pay any Indebtedness or to comply with any agreement relating thereto or otherwise to assure or protect creditors against loss in respect of the Indebtedness.

(74) **“Hedging Agreements”** means the interest rate, currency and commodity hedging agreements entered into between an LP Entity and one or more Senior Lenders, in respect of which such LP Entity’s obligations are secured *pari passu* with the obligations under the Senior Credit Agreement.

(75) **“ICA”** means the *Investment Canada Act*.

(76) **“Indebtedness”** of a Person means, without duplication:

- (a) all debts and liabilities of that Person for borrowed money;
- (b) all debts and liabilities of that Person representing the deferred acquisition cost of property and services; and
- (c) all Guarantees given by that Person.

(77) **“Initial Order”** means the initial order issued by the CCAA Court on January 8, 2010 in connection with the CCAA Case, as amended and extended by further orders of the CCAA Court dated February 2, 2010, March 26, 2010, April 12, 2010 and April 28, 2010, and as may be further amended from time to time after the date hereof.

(78) **“Insured Litigation”** means the insured litigation notices and claims involving the LP Entities, Old National Post and National Post as set out in Schedule 1.1(78) and in respect of insured litigation claims for libel, slander and/or defamation arising in the Ordinary Course of Business after the currency date of such schedule.

(79) **“Insured Litigation Deductibles”** means any remaining deductibles under insurance policies maintained by or on behalf of the LP Entities in respect of the Insured Litigation.

(80) **“Intellectual Property”** means:

- (a) all patents, patent rights, patent applications, registrations, continuations, continuations in part, divisional applications or analogous rights thereto, and inventions owned by the LP Entities or used by the LP Entities in the Business;
- (b) all trade-marks, trade names, trade-mark applications and registrations, trade name registrations, service marks, logos, slogans and brand names owned by the LP Entities or used by the LP Entities in the Business;
- (c) all works of authorship, copyright works, copyrightable works, copyright applications and registrations, and design rights, including packaging designs, displays, photographs, graphics, artwork, videos, proprietary fonts and typefaces, advertising and promotional materials, training materials and manuals used for internal and external purposes, website and electronic content, compilations, documentation and other textual and audiovisual works owned by the LP Entities or used by the LP Entities in the Business;
- (d) all industrial designs and applications for registration of industrial designs and industrial design rights, design patents and industrial design registrations owned by the LP Entities or used by the LP Entities in the Business;

- (e) all business names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses and other communications addresses owned by the LP Entities or used by the LP Entities in the Business;
- (f) all Computer Systems and applications software, including all documentation relating thereto and the latest revisions of all related object and source codes therefor owned by the LP Entities or used by the LP Entities in the Business;
- (g) all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other technical drawings and manuals, technology, blue prints, research and development reports, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information owned by the LP Entities or used by the LP Entities in the Business;
- (h) all customer lists, subscriber lists and supplier lists;
- (i) all other intellectual property rights owned by the LP Entities or used by the LP Entities in the Business, or arising from the operation of the Business, and foreign equivalents or counterpart rights, in any jurisdiction throughout the world;
- (j) all licences granted by the LP Entities of the intellectual property described in paragraphs (a) to (i) above;
- (k) all future income and proceeds from any of the intellectual property listed in paragraphs (a) to (i) above and the licences described in paragraph (i) above;
- (l) all rights to damages and profits by reason of the infringement of any of the intellectual property described in items (a) to (i) above and the licences described in item (j) above;
- (m) all materials and content in any form or media embodying any of the foregoing; and
- (n) all goodwill associated with any of the foregoing,

provided, for greater certainty, that “Intellectual Property” does not include intellectual property that is in the public domain.

(81) “**Interim Period**” means the period from and including the date of this Agreement to and including the Acquisition Date.

(82) “**ITA**” means the *Income Tax Act* (Canada).

(83) “**Inventory**” means all inventories of the LP Entities including all finished goods, work in progress, raw materials, manufacturing supplies, spare parts, packaging materials and all other materials and supplies used or consumed in the production of finished goods.

(84) **“Leased Premises”** means the real or immovable property subject to the Real Property Leases.

(85) **“Lenders”** has the meaning given to it in Section 8.6.

(86) **“Liabilities”** of a Person means all Indebtedness, obligations and other liabilities of that Person whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due.

(87) **“Licence”** means any licence, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for, the LP Entities by any Governmental Authority.

(88) **“LP Benefit Plans”** means the employee benefit plans, agreements, arrangements (whether funded or unfunded) that are maintained for, available to, or otherwise relating to any Employee or former or inactive employee of any LP Entity or which any LP Entity sponsors or is obligated to contribute to or is in any way liable for, whether or not insured and whether or not subject to any Applicable Law, including bonus, deferred compensation, incentive compensation, share purchase, share appreciation, share option, severance and termination pay, hospitalization, health and other medical benefits, accidental death and dismemberment, life and other insurance, dental, vision, legal, long-term and short-term disability, salary continuation, vacation, supplemental unemployment benefits, education assistance, profit sharing, mortgage assistance, employee loan, employee assistance and pension, retirement and supplemental retirement plans, programs, agreements (including the LP Pension Plans and any registered retirement savings arrangements), except that the term “LP Benefit Plans” shall not include any Multi-Employer Plans or Statutory Plans.

(89) **“LP Entities”** means collectively Canwest Books, Canwest GP, Canwest LP and CPI and, for greater certainty, a reference to the LP Entities includes any one of them.

(90) **“LP Leased Property Leases”** means all executed offers to lease, agreements to lease, leases, subleases, renewals of leases, tenancy agreements, rights of occupation, licences or other occupancy agreements granted by or on behalf of an LP Entity or its predecessors in title as lessor to possess or occupy space within the Real Property or any part thereof now or hereafter, together with all security, guarantees and indemnities of the tenants’ obligations thereunder.

(91) **“LP Pension Plans”** means each of the defined benefit and defined contribution pension plans that are sponsored, maintained, and administered by any LP Entity and that are required to be, and are, registered and regulated under the ITA and under applicable provincial minimum standards legislation, but excluding any Multi-Employer Plan.

(92) **“Material Adverse Effect”** means any change, effect or circumstance that: (a) is or is reasonably expected to be, individually or in the aggregate, materially adverse to the operations or condition of (i) the Business or the business of National Post; (ii) or any newspaper operated as part of the Business, in each case, financial or otherwise; or (b) would or would reasonably be expected to, individually or in the aggregate, materially impact the ability of the LP Entities to complete the transactions contemplated in this Agreement, but in each case excluding any change, effect or circumstance arising out of, resulting from or attributable to (u) an event or series of events or circumstances affecting (i) the Canadian or global economy generally or

capital or financial markets generally, including changes in interest or exchange rates; (ii) political conditions generally of Canada; or (iii) the newspaper or digital/online industry in general; (v) the negotiation, execution, announcement or consummation of the transactions contemplated by, or the performance of obligations under, this Agreement; (w) the identity of, or the effects of any facts or circumstances relating to, Purchaser or its Affiliates; (x) any changes or prospective changes in Applicable Law or GAAP or the enforcement or interpretation thereof; (y) any hostilities, acts of war, sabotage, terrorism or military actions, or any escalation or worsening of any such hostilities, acts of war, sabotage, terrorism or military actions; or (z) the CCAA Case (provided, that changes, effects or circumstances set forth in clauses (u), (x) and (y) above may be taken into account in determining whether there has been or is a Material Adverse Effect to the extent such changes, effects or circumstances have a materially disproportionate adverse effect on the Business and National Post, taken as a whole, as compared to other participants in the industries in which the Business and National Post operate).

(93) **“Material Contract”** means any Contract that is material to the Business or the business of National Post or any newspaper operated as part of the Business that, if breached or terminated, would have a Material Adverse Effect, and also includes any Contract (other than LP Leased Property Leases) which cannot be terminated on less than 12-months notice and which creates a Liability of more than \$10,000,000 annually.

(94) **“Misaligned CMI Employees”** means the employees of the CMI Entities who devote a majority of their working time to the Business as identified in the letter dated May 10, 2010 from Osler, Hoskin & Harcourt LLP, counsel to the LP Entities, to Davies Ward Phillips & Vineberg LLP, counsel to Purchaser.

(95) **“Monitor”** means FTI Consulting Canada Inc., in its capacity as CCAA court-appointed Monitor of the LP Entities pursuant to the Initial Order.

(96) **“Multi-Employer Plan”** means plans, arrangements, agreements, programs, policies, practices or undertakings, whether funded or unfunded, insured or uninsured, registered or unregistered to which the LP Entities or National Post are a party or bound or in which the Employees or former or inactive employees of the LP Entities or National Post participate or under which the LP Entities or National Post have, or will have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to any of its Employees or former or inactive employees (or any spouses, dependants, survivors or beneficiaries of any such persons) and which are not, sponsored, maintained or administered by the LP Entities or National Post or any of their Affiliates, but for the avoidance of doubt including the Pacific Press Retirement Plan.

(97) **“National Post”** means National Post Inc., a corporation formed under the laws of Canada.

(98) **“National Post Benefit Plans”** means the employee benefit plans, agreements, arrangements (whether funded or unfunded) that are maintained for, available to, or otherwise relating to any employee or former or inactive employee of National Post or in respect of which National Post sponsors or is obligated to contribute to or is in any way liable for, whether or not insured and whether or not subject to any Applicable Law, including bonus, deferred compensation, incentive compensation, share purchase, share appreciation, share option, severance and termination pay, hospitalization, health and other medical benefits, accidental

death and dismemberment, life and other insurance, dental, vision, legal, long-term and short-term disability, salary continuation, vacation, supplemental unemployment benefits, education assistance, profit sharing, mortgage assistance, employee loan, employee assistance and pension, retirement and supplemental retirement plans, programs, agreements, except that the term "National Post Benefit Plans" shall not include any Multi-Employer Plan or Statutory Plans.

(99) "**Non-Union Employees**" has the meaning given to it in Section 5.1(2).

(100) "**Notice**" means any notice, approval, demand, direction, consent, designation, request, document, instrument, certificate or other communication required or permitted to be given under this Agreement.

(101) "**Old National Post**" means National Post Holdings Ltd. and The National Post Company / La Publication National Post.

(102) "**Omnibus Transition and Reorganization Agreement**" means the Omnibus Transition and Reorganization Agreement to be entered into between Canwest LP, CPI and certain CMI Entities, to address, *inter alia*, the matters described in Section 9.12 that is in form and substance satisfactory to Purchaser and the LP Entities, acting reasonably, as such agreement may be amended from time to time.

(103) "**Order**" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

(104) "**Ordinary Course of Business**" means the ordinary and usual course of the routine daily affairs of the Business and the business of National Post consistent with past practice, but having regard to the fact that the LP Entities are subject to the CCAA Case and the Shared Services Agreement.

(105) "**Party**" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and "Parties" means every Party.

(106) "**Pension Assignment and Assumption Agreements**" has the meaning given to it in Section 5.3(1).

(107) "**Pension Priority Claims**" means all Claims for the payment of any of the following amounts that, in respect of the period up to the Acquisition Date are due and remain unpaid to the funds established in respect of CCAA prescribed pension plans of the LP Entities:

- (a) an amount equal to the sum of all amounts that were deducted from the employees' remuneration for payment to such funds;
- (b) if any of the CCAA prescribed pension plans is regulated by an Act of Parliament:
 - (i) an amount equal to the normal cost, within the meaning of subsection 2(1) of the Pension Benefits Standards Regulations, 1985, that was required to be paid by the employer to the fund; and
 - (ii) an amount equal to the sum of all amounts that were required to be paid by the employer to the fund under a defined contribution provision, within the

meaning of subsection 2(1) of the *Pension Benefits Standards Act*, 1985; and

- (c) in the case of any other CCAA prescribed pension plan:
 - (i) an amount equal to the amount that would be the normal cost, within the meaning of subsection 2(1) of the Pension Benefits Standards Regulations, 1985, that the employer would be required to pay to the fund if the prescribed plan were regulated by an Act of Parliament; and
 - (ii) an amount equal to the sum of all amounts that would have been required to be paid by the employer to the fund under a defined contribution provision, within the meaning of subsection 2(1) of the *Pension Benefits Standards Act*, 1985, if the prescribed plan were regulated by an Act of Parliament.

(108) **“Permitted Encumbrances”** means the Encumbrances described in Schedule 1.1(108).

(109) **“Person”** is to be broadly interpreted and includes an individual, a partnership, a corporation, a trust, a joint venture, any Governmental Authority, any trade union, any employee association or any incorporated or unincorporated entity or association of any nature and the executors, administrators, or other representatives of an individual in such capacity.

(110) **“Personal Information”** means any factual or subjective information, recorded or not, about an Employee, contractor, agent, consultant, officer, director, executive, client, customer, supplier, or about any other identifiable individual, including any record that can be manipulated, linked or matched by a reasonably foreseeable method to identify an individual, but does not include the name, title or business address or telephone number of an Employee.

(111) **“Personal Property Leases”** means the leases of personal property used by the LP Entities in connection with the Business, including all purchase options, prepaid rents, security deposits, warranties, licences and permits relating thereto and all leasehold improvements thereon.

(112) **“Plan Implementation Date”** means the date on which all of the conditions precedent to the implementation of the Acquisition set out in the CCAA Plan have been fulfilled or, to the extent permitted pursuant to the terms and conditions of this Agreement and the CCAA Plan, waived, as evidenced by a certificate to that effect filed with the CCAA Court by the Monitor, with the consent of Purchaser.

(113) **“Post-Filing Trade Payables”** means trade payables that were incurred by the LP Entities (i) after the Filing Date and before the Acquisition Date, (ii) in the Ordinary Course of Business, and (iii) in compliance with the Initial Order and other Orders issued in connection with the CCAA Case.

(114) **“Prepaid Expenses”** means all prepayments, prepaid charges, deposits, sums and fees of the LP Entities.

(115) **“Prior Ranking Secured Claims”** means Claims existing on both the Filing Date and the Plan Implementation Date, other than Government Priority Claims, Employee Priority Claims, Pension Priority Claims and Claims secured by charges ordered by the CCAA Court under the Initial Order, that (i) have the benefit of a valid and enforceable security interest in, mortgage or charge over, lien against or other similar interest in, any of the assets that the LP Entities own or to which the LP Entities are entitled, but only to the extent of the realizable value of the property subject to such security, and (ii) would have ranked senior in priority to the Claims under the Senior Credit Agreement or a Hedging Agreement (other than any Cash Management Claims (as defined in the Senior Lenders’ Plan)) if the LP Entities had become bankrupt on the Filing Date.

(116) **“Proven Claim”** means a Claim by an unsecured creditor of the LP Entities proven in accordance with the Claims Procedure Order.

(117) **“Purchase Price”** has the meaning given to it in Section 2.2(1).

(118) **“Purchaser Assumed Benefit Plans”** means the LP Benefit Plans listed in Schedule 7.7(1), and **“Purchaser Assumed Benefit Plan”** means any one of such plans.

(119) **“Purchaser Established Benefit Plans”** has the meaning given to it in **Error! Reference source not found.**

(120) **“Purchaser Established Pension Plans”** has the meaning given to it in Section 5.3(8).

(121) **“QST”** means Québec sales tax imposed under the QST Act.

(122) **“QST Act”** means Title I of *An Act respecting the Québec sales tax*.

(123) **“Real Property”** means the real or immovable property used in the Business, owned by the LP Entities and (i) all plant, buildings, structures, erections, improvements, appurtenances of every kind or nature situate therein or on thereof and (ii) all fixtures of every nature and kind incorporated therein, situate upon and used in connection therewith, including heating, ventilating, air-conditioning, plumbing, electrical, sprinkler and drainage systems, in each case other than fixtures and other property owned by any tenant.

(124) **“Real Property Leases”** means all offers to lease, agreements to lease, leases, renewals of leases, subleases, tenancy agreements, rights of occupation, licenses or other occupancy agreements for real or immovable property, including all purchase options, prepaid rents, security deposits, licences and permits relating thereto and all leasehold improvements thereon, whether oral or written, relating to the Business where an LP Entity is a tenant.

(125) **“RCA Plan”** means the CanWest MediaWorks Limited Partnership (now Canwest LP) and Related Companies Retirement Compensation Arrangement Plan.

(126) **“Reference Date”** means September 1, 2009.

(127) **“Regulatory Approval”** means any approval, consent, ruling, authorization, notice, permit or acknowledgement that may be required from any Person pursuant to Applicable Law or under the terms of any Licence or the conditions of any Order in connection with the acquisition of the Acquired Assets by Purchaser on the terms contemplated in this Agreement, to

permit Purchaser to carry on the Business and the business of National Post after the Acquisition Date or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement, and includes the Competition Act Approval.

(128) **“Release”** means any release, spill, leak, emission, pumping, injection, deposit, discharge, dispersal, leaching, migration, spraying, abandonment, pouring, emptying, throwing, dumping, placing or exhausting of a Contaminant and when used as a verb has a like meaning.

(129) **“Required Information”** has the meaning given to it in Section 9.10(1)(f).

(130) **“Sanction and Vesting Orders”** means Orders to be granted by the CCAA Court as contemplated under this Agreement approving and sanctioning the CCAA Plan and the transactions contemplated hereby and thereby, and vesting in Purchaser title to and in all of the Acquired Assets free and clear of all Encumbrances, other than Permitted Encumbrances, including any Order which may be required as contemplated in Section 9.3(1) each in form and substance satisfactory to Purchaser and the LP Entities, acting reasonably.

(131) **“Securities Act”** has the meaning given to it in Section 9.10(1)(f).

(132) **“Senior Credit Agreement”** means the Credit Agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership (now Canwest LP), as Borrower, the guarantors party thereto from time to time, as guarantors, the lenders party thereto from time to time, as Senior Lenders, and the Administrative Agent on behalf of the Senior Lenders, as amended from time to time.

(133) **“Senior Lender Distribution”** means the payments to be made to the Administrative Agent for and on behalf of the Senior Secured Creditors under the CCAA Plan in respect of the amount referred to in Section 2.2(1)(a).

(134) **“Senior Lenders”** means the lenders party to the Senior Credit Agreement from time to time.

(135) **“Senior Lenders’ Plan”** means the plan of compromise or arrangement proposed by the LP Entities in the CCAA Case on the Filing Date, and attached as a schedule to the Initial Order.

(136) **“Senior Secured Claims Amount”** means, at any time, the aggregate amount at that time of Claims of the Senior Lenders arising under or in connection with the Senior Credit Agreement or a Hedging Agreement, in each case calculated based on the deemed conversion of Claims denominated in US dollars to Canadian dollars on the Filing Date, and, for greater certainty, does not include any Cash Management Claims (as that term is defined in the Senior Lenders’ Plan).

(137) **“Senior Secured Creditors”** means the Administrative Agent, the Senior Lenders, the DIP Administrative Agent and the lenders party to the DIP Credit Agreement.

(138) **“SERA”** means the top-up retirement allowance arrangements made with certain former employees of Southam Inc. which were assumed by the LP Entities and are referred to as the Southam Executive Retirement Arrangements.

(139) **“Shared Services Agreement”** means the Agreement on Shared Services and Employees dated October 26, 2009 among Canwest Global Communications Corp., Canwest LP, Canwest

Media Inc., CPI, Canwest Television Limited Partnership and Old National Post (as subsequently assigned to National Post), as amended from time to time.

(140) “**SISP Procedures**” means the procedures regarding the sale and investor solicitation process attached as schedule A to the Initial Order, as the same may be amended from time to time after the date hereof with the consent of Purchaser.

(141) “**Special Committee**” has the meaning given to it in the Initial Order.

(142) “**Statutory Plans**” means any plans or programs sponsored by a Governmental Authority, including but not limited to the Canada/Quebec Pension Plan, provincial health tax, workers’ compensation and employment insurance.

(143) “**Stikeman Letter**” means the letter dated May 7, 2010 from Stikeman Elliott LLP, counsel to the Monitor, to counsel to the Administrative Agent and counsel to the Purchaser, as supplemented by the further assurances email sent by Monitor’s counsel to Purchaser’s counsel on May 9, 2010, in each case, in the form appended to the Monitor’s seventh report dated on or about May 10, 2010, as such letter may be amended or supplemented with the consent of Purchaser.

(144) “**Tangible Personal Property**” means all of the LP Entities’ machinery, equipment, motor vehicles, office equipment, furniture, spare parts, dies, tooling, tools, computer hardware, supplies and accessories and other chattels.

(145) “**Taxes**” includes all present and future taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges of any nature imposed by any Governmental Authority, including income, capital (including large corporations), withholding, consumption, sales, use, transfer, goods and services or other value-added, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, health, education, business, school, property, local improvement, development, education development and occupation taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and charges, and other assessments or similar charges in the nature of a tax including Canada/Quebec Pension Plan and other provincial pension plan contributions, employment insurance and unemployment insurance premiums and workers compensation premiums, together with all fines, interest, penalties on or in respect of, or in lieu of or for non-collection of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges.

(146) “**Third Party Approval**” has the meaning given to it in Section 9.3(1).

(147) “**Transferred Employees**” means (i) Union Employees; and (ii) Non-Union Employees who accept offers of employment by Purchaser or who begin active employment with Purchaser as of the Acquisition Date or their next scheduled work day.

(148) “**Trustee Fees and Costs**” means the fees and costs of any trustee in bankruptcy that may be appointed in respect of any of the LP Entities upon or following the completion of the Acquisition.

(149) “**Union Employees**” has the meaning given to it in Section 5.1(2)(a).

Section 1.2 Actions on Non-Business Days

If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

Section 1.3 Currency and Payment Obligations

Except as otherwise expressly provided in this Agreement:

- (a) unless otherwise specified all money amounts referred to in this Agreement are to lawful currency of Canada; and
- (b) any payment contemplated by this Agreement shall be made by wire transfer of immediately available funds to an account specified by the payee.

Section 1.4 Calculation of Time

In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Toronto time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Toronto time on the next succeeding Business Day.

Section 1.5 Tender

Any tender of documents or money hereunder may be made upon the Parties or their respective counsel and money shall be tendered by official bank draft drawn upon a Canadian chartered bank or by negotiable cheque payable in Canadian funds and certified by a Canadian bank listed in Schedule 1 to the *Bank Act* (Canada) or by wire transfer of immediately available funds.

Section 1.6 Knowledge

Any reference to the knowledge of any Party means the actual knowledge of such Party (and, in respect of the LP Entities, the senior executive responsible for the subject matter in question) after making due inquiries of their direct reports or advisors responsible for the subject matter in question.

Section 1.7 Additional Rules of Interpretation

- (1) **Gender and Number.** In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (2) **Headings and Table of Contents.** The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
- (3) **Section References.** Unless the context requires otherwise, references in this Agreement to Articles, Sections or Schedules are to articles, sections or schedules of this Agreement.

(4) **Words of Inclusion.** Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.

(5) **References to this Agreement.** The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.

(6) **Statute References.** Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith and which are legally binding.

(7) **Document References.** All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, include all schedules and exhibits attached thereto.

(8) **Writing.** References to “in writing”, “written” and similar expressions include material that is printed, handwritten, typewritten, faxed, emailed, or otherwise capable of being visually reproduced at the point of reception.

Section 1.8 Schedules

The following are the schedules annexed to this Agreement and incorporated by reference and deemed to be part hereof:

<u>Schedule</u>	<u>Description</u>
Schedule 1.1(29)	CCAA Plan
Schedule 1.1(62)	Excluded Liabilities
Schedule 1.1(78)	Insured Litigation
Schedule 1.1(108)	Permitted Encumbrances
Schedule 3.1(3)	Excluded Assets
Schedule 7.1(1)	Status and Capacity of LP Entities
Schedule 7.1(8)	No other Acquisition Agreements
Schedule 7.1(10)	Consents
Schedule 7.2(3)	Specified Changes or Events
Schedule 7.4(2)	Real Property
Schedule 7.4(3)	Real Property Leases and Leased Premises
Schedule 7.4(6)	Personal Property Leases
Schedule 7.4(8)	Intellectual Property
Schedule 7.5(1)	Material Adverse Changes
Schedule 7.5(4)	Material Contracts
Schedule 7.6(2)	Labour Matters and Employee Contracts

Schedule 7.6(3)	Employee Laws
Schedule 7.7 (1)	LP Benefit Plans
Schedule 7.7(9)	Post-Retirement Benefits
Schedule 9.13	Holdco Share Provisions
Schedule 10.1(6)	Regulatory Approvals

ARTICLE 2 - PURCHASE AND SALE OF ACQUIRED ASSETS

Section 2.1 Purchase and Sale

On the Acquisition Date effective as at the Acquisition Time, pursuant to the Sanction and Vesting Orders, the LP Entities shall sell and Purchaser shall purchase the Acquired Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), and Purchaser shall assume the Assumed Liabilities, in each case, on the terms and subject to the conditions of this Agreement, the CCAA Plan and the Sanction and Vesting Orders.

Section 2.2 Purchase Price

(1) The purchase price payable by Purchaser for the purchase of the Acquired Assets (the “Purchase Price”), exclusive of all applicable sales and transfer taxes, shall be the aggregate of:

- (a) the sum of (i) the Senior Secured Claims Amount as at the Acquisition Date, and (ii) the DIP Claims Amount as at the Acquisition Date;
- (b) the Cash Elected Amount in respect of all Proven Claims of unsecured creditors of the LP Entities who have made or who have been deemed to have made a valid Cash Election in accordance with the CCAA Plan, provided that the Monitor shall advise Purchaser of the amount payable pursuant to this Section 2.2(1)(b) not less than three Business Days prior to the Acquisition Date;
- (c) \$150,000,000 less the amount payable under Section 2.2(1)(b); and
- (d) the amount of the Assumed Liabilities.

Section 2.3 Payment of Purchase Price

(1) The Purchase Price shall be satisfied by Purchaser at the Acquisition Time as follows:

- (a) the amount referred to in Section 2.2(1)(a)(i) shall be paid in cash (i) as to an amount equal to the Deposit, by the release of the Deposit from escrow by the Monitor to the Administrative Agent on behalf of CPI, and (ii) as to the remainder, by wire transfer from Purchaser to the Administrative Agent on behalf of Canwest GP, Canwest Books and Canwest LP to the extent of the portion of the Purchase Price allocable to Canwest GP, Canwest Books and Canwest LP, respectively, pursuant to Section 4.1 and on behalf of CPI, as to the remainder;
- (b) the amount referred to in Section 2.2(1)(a)(ii) shall be paid in cash by wire transfer from Purchaser to the DIP Administrative Agent on behalf of the CPI;

- (c) the amount referred to in Section 2.2(1)(b) shall be paid in cash by Purchaser by wire transfer to the Monitor on behalf of the CPI;
- (d) the amount referred to in Section 2.2(1)(c) shall be satisfied by the issuance by Purchaser to the Monitor on behalf of the CPI of one or more unsecured demand promissory notes with a principal amount equal to such amount; and
- (e) Purchaser shall assume the Assumed Liabilities effective at the Acquisition Time.

Section 2.4 Distribution of Purchase Price

(1) The consideration received on behalf of the LP Entities pursuant to Section 2.3 shall be distributed in accordance with the CCAA Plan as follows:

- (a) the cash portion of the Purchase Price referred to in Section 2.3(1)(a) shall be considered a distribution (the “**Senior Lenders’ Distribution**”) to the Administrative Agent on behalf of the Senior Secured Creditors in exchange for the complete and final release and discharge of all Claims and Encumbrances in respect of or securing the Liabilities of the LP Entities under or pursuant to the Senior Credit Agreement or the Hedge Agreements (including, for greater certainty, all further Claims or entitlements to receive any other payment, distribution or other amount under the CCAA Plan or through the CCAA Case);
- (b) the cash portion of the Purchase Price referred to in Section 2.3(1)(b) shall be considered a distribution (the “**DIP Lenders’ Distribution**”) to the DIP Administrative Agent on behalf of the lender under the DIP Credit Agreement in exchange for the complete and final release and discharge of all Claims and Encumbrances in respect of or securing the Liabilities of the LP Entities under or pursuant to the DIP Credit Agreement (including, for greater certainty, all further Claims or entitlements to receive any other payment, distribution or other amount under the CCAA Plan or through the CCAA Case);
- (c) the cash portion of the Purchase Price referred to in Section 2.3(1)(c) shall be distributed by the Monitor to unsecured creditors of the LP Entities who have made or who have been deemed to have made a valid Cash Election in respect of their Proven Claims; and
- (d) the note or notes of Purchaser to be issued to the Monitor on behalf of the LP Entities pursuant to Section 2.3(1)(d) shall be used by the LP Entities to purchase Common Shares of Holdco under the CCAA Plan at a purchase price of \$13.3333 per Common Share, and such Common Shares shall be distributed by the Monitor to unsecured creditors of the LP Entities (other than any unsecured creditors who have made or who have been deemed to have made a valid Cash Election) in accordance with the CCAA Plan.

Section 2.5 Deposit

(1) The Deposit shall be held, pending completion of the Acquisition, by the Monitor in accordance with this Section 2.5.

- (2) If
- (a) this Agreement is terminated by the LP Entities pursuant to Section 13.1(b) as a result of a failure to satisfy a condition in favour of the LP Entities in Section 10.2(1), Section 10.2(2) or Section 10.2(3) or if the transactions contemplated hereby are not consummated due to the failure of Purchaser to complete the required financing referred to in Section 9.14; or
 - (b) this Agreement is terminated by Purchaser pursuant to Section 13.1(a)
 - (i) for failure of the condition specified in Section 10.1(5) to be satisfied; or
 - (ii) for failure of the condition specified in Section 10.1(1) to be satisfied as a result of the representation in Section 7.5(1) not being true and correct in any respect,

in each case, as a result of a Material Adverse Effect referred to in subclause (a)(ii) of the definition of "Material Adverse Effect",

the full amount of the Deposit shall be released to Canwest LP, or its designee, by the Monitor and shall become the property of and be retained by Canwest LP to compensate the LP Entities for expenses incurred in connection with the transactions contemplated in this Agreement and the delay caused to the LP Entities' efforts to sell the Acquired Assets. As provided in Section 13.3, such retainer of the Deposit shall be the sole and exclusive remedy of the LP Entities against Purchaser and Holdco. If this Agreement is terminated for any other reason, the full amount of the Deposit shall be immediately returned by the Monitor to Purchaser.

Section 2.6 Tax Elections

(1) Purchaser and the LP Entities shall jointly execute and file an election pursuant to subsection 20(24) of the ITA and the corresponding provisions of any applicable provincial Tax legislation, in the prescribed manner and within the prescribed time limits, in respect of the consideration paid by the LP Entities for Purchaser to assume the Deferred Revenue Obligations.

(2) Purchaser and the LP Entities shall jointly execute and file an election pursuant to section 22 of the ITA, and the corresponding provisions of any applicable provincial Tax legislation, in the prescribed manner and within the prescribed time limits, in respect of the Accounts Receivable and shall designate therein that portion of the Purchase Price allocated to the Accounts Receivable in accordance with the allocation contemplated by Section 4.1 of this Agreement as the consideration paid by Purchaser to the LP Entities for such Accounts Receivable.

Section 2.7 Conveyance Documents

(1) **Transfer and Delivery of Acquired Assets.** At the Acquisition Time, the Parties shall execute and deliver to each other all such bills of sale, assignments, instruments of transfer, deeds, assurances and other documents as shall be necessary or reasonably requested to evidence the transfer to Purchaser of the Acquired Assets free and clear of all Encumbrances (other than Permitted Encumbrances) and the Assumed Liabilities (including share certificates representing

the shares of National Post duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record). At the Acquisition Time, the LP Entities shall deliver up to Purchaser possession of the Acquired Assets, free and clear of all Encumbrances (other than Permitted Encumbrances).

(2) **Other Documents.** The Parties shall execute and deliver such other documents as may be necessary or reasonably requested to complete and give full effect to the transactions provided for in this Agreement.

ARTICLE 3 EXCLUDED ASSETS AND EXCLUDED LIABILITIES

Section 3.1 Excluded Assets

Notwithstanding anything in this Agreement to the contrary, the following assets, properties, rights and interests of the LP Entities (the "**Excluded Assets**") shall be excluded from and shall not constitute Acquired Assets, and shall remain the property of the LP Entities:

- (1) **Avoidance claims.** All rights and claims against any Person for any liability or obligation of any kind based on or arising out of the occurrence of any fraudulent conveyance, settlement, reviewable transaction, transfer at undervalue, fraudulent preference, preference or similar claim.
- (2) **Corporate Records.** The corporate charters, minute, share and partnership record books and corporate seals of the LP Entities.
- (3) **Scheduled Excluded Assets.** The property and assets described in Schedule 3.1(3).
- (4) **Director and Officer Insurance Policies.** All rights of the LP Entities under any director and officer insurance policies.
- (5) **Rights Under this Agreement.** The LP Entities' rights under this Agreement.

Section 3.2 Excluded Liabilities

Except as specifically provided in this Agreement, Purchaser shall not assume and shall not be obliged to pay, perform or discharge any Liabilities of any LP Entity which arise or relate to the Business or otherwise. Without limiting the generality of the foregoing, Purchaser shall not assume and shall have no obligations in respect whatsoever of any of the Excluded Liabilities or any Claims relating thereto.

ARTICLE 4 PURCHASE PRICE ALLOCATION

Section 4.1 Purchase Price Allocation

On or before the Acquisition Date, the LP Entities and Purchaser shall prepare an allocation of the Purchase Price among the Acquired Assets and the LP Entities, provided, however, that the amount allocated to the debts owed by National Post to CPI shall not be less than 80% of the principal amount thereof. The LP Entities shall cooperate with Purchaser in order to resolve any disagreement regarding such allocation, including promptly providing to Purchaser all information, documents and other material pertaining thereto in their custody and

control. The LP Entities and Purchaser shall report the purchase and sale of the Acquired Assets for tax purposes in accordance with such allocation.

ARTICLE 5 - EMPLOYEE MATTERS

Section 5.1 Offers

(1) No later than 15 days prior to the Acquisition Date, the LP Entities shall provide a list of all Employees, including details as to their title, position, status, base salary, bonus, date of hire and applicable LP Benefit Plan.

(2) Subject to Section 5.1(3) and Section 5.1(4), Purchaser shall offer employment, effective as of the Acquisition Date and conditioned on the completion of the Acquisition, to all Employees immediately prior to the Acquisition Date on the following terms and conditions:

- (a) to Employees who are part of a bargaining unit ("**Union Employees**") in respect of which a collective agreement is in force, or has expired and the terms and conditions of which remain in effect by operation of law, the terms and conditions provided for in such collective agreement, or expired collective agreement if such terms and conditions remain in effect by operation of law, subject to any amendments or alterations to the terms thereof to which the bargaining agent under such collective agreement or expired collective agreement consents; and
- (b) to all other Employees ("**Non-Union Employees**") on substantially similar terms and conditions as their then existing employment immediately prior to the Acquisition Date, excluding any equity or equity-like compensation, supplementary retirement or supplementary pension arrangements or plans.

(3) Subject to Section 5.1(4), Purchaser shall offer employment, effective as of the Acquisition Date and conditional on the completion of the Acquisition, to all part-time or temporary Non-Union Employees in accordance with Section 5.1(2)(b). Notwithstanding the immediately preceding sentence, Purchaser shall have the right not to offer employment to part-time or temporary Non-Union Employees that, in the aggregate, do not exceed 10% of the aggregate number of part-time or temporary Non-Union Employees employed by the LP Entities, provided that Purchaser gives written notice to the LP Entities prior to May 30, 2010 (or such other date as the Purchaser and the LP Entities may agree) identifying those part-time or temporary Non-Union Employees to whom it does not intend to offer employment. If Purchaser does not give such notice, then it shall be obligated to offer employment to all part-time or temporary Non-Union Employees in accordance with this Section 5.1(3).

(4) Notwithstanding Section 5.1(2) and Section 5.1(3), Purchaser shall not be obligated to offer employment to Employees who are on long-term disability on the Acquisition Date, but shall use its commercially reasonable efforts to offer employment in accordance with Section 5.1(2) to any such Employee who is able to return to work and notifies Purchaser of his or her desire to do so within 24 months following the Acquisition Date. For certainty, however, this Section 5.1(4) does not relieve Purchaser of its obligation hereunder to assume the long term disability plans and benefits thereunder in favour of any of the Employees on long-term disability.

- (5) The LP Entities will not take any act that is intended to impede, hinder or interfere with Purchaser's efforts to hire any Employee.
- (6) Purchaser acknowledges and agrees that (i) the LP Entities make no representation or warranty that any Employee will accept employment with Purchaser and (ii) the acceptance by Employees of offers of employment with Purchaser shall not constitute a condition to Purchaser's obligation to complete the Acquisition.
- (7) The LP Entities and Purchaser shall co-operate with each other in all respects relating to any actions to be taken pursuant to this Article 5 and, subject to Applicable Laws, the LP Entities shall provide to Purchasers at Purchaser's request, any information or copies of any personnel records relating to the Transferred Employees.
- (8) The LP Entities shall be solely responsible for all termination pay, pay in lieu of notice, severance obligations and all other Liabilities and Claims (other than in connection with (a) the LP Pension Plans; and (b) the Purchaser Assumed Benefit Plans) in respect of any Employee to whom an offer is not made on the Acquisition Date to the extent permitted by this Section 5.1 and any Employee who is offered employment by Purchaser but does not accept or commence employment with Purchaser.
- (9) No Employee or Person other than the LP Entities and Purchaser shall be entitled to any rights or privileges under this Section 5.1 or under any other provisions of this Agreement. Without limiting the foregoing, no provision of this Agreement shall: (i) create any third party beneficiary or other rights in any bargaining agent representing Employees or in any other Employee or former employee of an LP Entity (or on any beneficiary or dependant of any Employee or former employee of an LP Entity); (ii) constitute or create an employment agreement or collective agreement; or (iii) constitute or be deemed to constitute an amendment to any of the Purchaser Established Benefit Plans, National Post Benefit Plans or LP Benefit Plans.
- (10) Contracts with all independent contractors, including freelance writers and photographers, which are assignable shall be assigned by the LP Entities to Purchaser effective on the Acquisition Date. Where consent to assignment of any independent contractor agreement is required, the LP Entities shall use their commercial reasonable efforts to obtain such consent as soon as reasonably possible and prior to the Acquisition Date and Purchaser shall accept such assignments or offer contracts to all such independent contractors on terms substantially similar to the terms on which they are retained immediately prior to the Acquisition Time.

Section 5.2 LP Benefit Plans

- (1) Effective as of the Acquisition Time, the LP Entities shall assign and transfer to Purchaser and Purchaser shall assume the Purchaser Assumed Benefit Plans and the LP Entities' rights, duties, obligations, assets and Liabilities with respect to the Purchaser Assumed Benefit Plans and their related group policies, insurance contracts or other funding media, and all agreements related thereto. Effective as of the Acquisition Time, Purchaser shall accept the assignment and transfer and shall assume all obligations, Liabilities, duties, rights and responsibilities required of it as policy holder or plan sponsor of the Purchaser Assumed Benefit Plans and related agreements pursuant to the terms thereof and Applicable Law. For certainty however, nothing in this Section 5.2 shall require Purchaser to assume any Excluded Liabilities.

(2) Purchaser shall, on or after the Acquisition Date, be responsible for and make all required contributions and payments in relation to the Purchaser Assumed Benefit Plans.

(3) Purchaser shall be responsible, in accordance with the terms of the applicable Purchaser Assumed Benefit Plan, for any and all Claims incurred, other than Excluded Liabilities, under the Purchaser Assumed Benefit Plan prior to or after the Acquisition Date.

(4) The LP Entities agree to do all things necessary to effect the assignment and transfer of the Purchaser Assumed Benefit Plans to Purchaser. Without limiting the generality of the foregoing, the LP Entities agree to advise and direct applicable insurers and service providers as soon as possible after the Acquisition Date, of the assumption of sponsorship of the Purchaser Assumed Benefit Plans and relevant agreements as provided hereunder. Purchaser shall do all things required of it under Applicable Law to assume sponsorship of the Purchaser Assumed Benefit Plans in accordance with the terms of policies, contracts or service agreements applicable to the Purchaser Assumed Benefit Plans as provided hereunder.

(5) Where consent to the assignment of a Purchaser Assumed Benefit Plan or an insurance policy or any other agreement related to a Purchaser Assumed Benefit Plan is required from a Person other than Purchaser or the LP Entities, Purchaser shall use its commercially reasonable efforts to obtain such consent. If Purchaser is unable to obtain consent from such Person after making such commercially reasonable efforts, Purchaser will, as of the Acquisition Date, establish or otherwise provide non-pension benefit plans (the "**Purchaser Established Benefit Plans**") that provide benefits which are substantially similar to those that were provided under the Purchaser Assumed Benefit Plan in question. Purchaser will use commercially reasonable efforts to waive, or cause to be waived, any pre-existing medical condition or other restriction that would prevent immediate and full participation of any Employee or former employee covered by the LP Benefits Plans in the Purchaser Established Benefit Plans. In addition, where the benefits provided under a Purchaser Established Benefit Plan are subject to a deductible in respect of the benefits provided to an individual during a certain period of time, Purchaser shall take into account the amount of any corresponding deductible which has already been paid by the applicable Employee or former employee covered by the LP Benefits Plan during such period and prior to the Acquisition Date under the corresponding LP Benefit Plan, for the purpose of determining the amount of the deductible to be paid by the Employee or former employee covered by the LP Benefits Plan under the Purchaser Established Benefit Plan after the Acquisition Date.

(6) After the sponsorship, assets, Liabilities and administration of the Purchaser Assumed Benefit Plans, policies, contracts and agreements have been transferred to Purchaser, the LP Entities shall have no further obligation or Liability with respect to the Purchaser Assumed Benefit Plans. Purchaser shall be responsible for satisfying any and all governmental reporting and disclosure requirements applicable to the Purchaser Assumed Benefit Plans and for claims administration, communication and completion of all other forms and reports required on and after the Acquisition Date. Prior to the Acquisition Date, the LP Entities shall cooperate with Purchaser with respect to such recording and reporting requirements in the plan year in which the Acquisition Date occurs. Prior to the Acquisition Date, the LP Entities shall use all reasonable efforts to provide Purchaser with such books, records, and other relevant data relating to the Purchaser Assumed Benefit Plans within its control or access that Purchaser shall reasonably request.

Section 5.3 LP Pension Plans

(1) Effective as of the Acquisition Time, the LP Entities shall assign and transfer to Purchaser and Purchaser shall assume the LP Pension Plans and the rights, duties, obligations and Liabilities of the LP Entities with respect to the LP Pension Plans and their related trust or other funding medium (the “**Funds**”), and all agreements related thereto. Effective as of the Acquisition Time, Purchaser shall accept the assignment and transfer and shall assume all obligations, Liabilities, duties, rights and responsibilities required of it as sponsor and administrator of the LP Pension Plans and Funds pursuant to the terms thereof and Applicable Law, including any special payments that become payable after the Acquisition Date (“**Pension Assignment and Assumption Agreements**”). Without limiting the generality of the foregoing, the LP Entities shall have no liabilities or obligations for any unfunded liability or solvency deficiency under the LP Pension Plans, which shall be the sole responsibility of Purchaser.

(2) The LP Entities agree to do all things necessary to effect the assignment and transfer of its sponsorship of the LP Pension Plans to Purchaser. Without limiting the generality of the foregoing, the LP Entities agree to cause to be filed with applicable Governmental Authorities as soon as possible after the Acquisition Date, such documents as may be required by Applicable Law or under the terms of the LP Pension Plans or Funds with respect to the assumption of sponsorship of the LP Pension Plans and Funds as provided hereunder. Purchaser shall do all things required of it under Applicable Law to establish that it is the successor sponsor and administrator to the LP Entities of the LP Pension Plans in accordance with the terms of the LP Pension Plans as provided hereunder. Without limiting the generality of the foregoing, Purchaser shall file with the applicable federal and provincial authorities, as soon as possible following the Acquisition Date, such documentation as may be required to establish Purchaser in such capacity.

(3) Purchaser shall initially continue the appointment of the funding agent of the LP Pension Plans and Purchaser shall use its commercially reasonable efforts to have the funding agent execute, after the Acquisition Date, all documents necessary to effect such continued appointment, as applicable, including the Pension Assignment and Assumption Agreements.

(4) Where consent to the assignment of any funding agreement or any other agreement related to the LP Pension Plans is required from a Person other than Purchaser or the LP Entities, Purchaser shall make commercially reasonable efforts to obtain such consent. The LP Entities shall assist and cooperate with Purchaser in obtaining such consent. If Purchaser is unable to obtain consent from such Person after making such commercially reasonable efforts, Purchaser may enter into such agreements with any other Person as may be reasonably necessary.

(5) With respect to the administration of the LP Pension Plans from and after the Acquisition Date, Purchaser shall be entitled to direct, or cause to be directed, the funding agent of the LP Pension Plans.

(6) After the sponsorship and administration of the LP Pension Plans and Funds has been transferred to Purchaser, the LP Entities shall have no further obligation or Liability with respect to the LP Pension Plans and Funds. The LP Entities shall be responsible for satisfying any and all governmental reporting and disclosure requirements applicable to the LP Pension Plans and Funds and for all benefit calculations, communication and completion of all other forms and reports in respects of the LP Pension Plans up to the Acquisition Date. Purchaser shall be

responsible for satisfying any and all governmental reporting and disclosure requirements applicable to the LP Pension Plans and Funds and for all benefit calculations, communication and completion of all other forms and reports on and after the Acquisition Date. The LP Entities shall cooperate with Purchaser with respect to reporting such requirements in the plan year in which the Acquisition Date occurs. Prior to and following the Acquisition Date, the LP Entities shall use all reasonable efforts to provide Purchaser such books, records, and other relevant data relating to the LP Pension Plans within its control or access, that Purchaser shall reasonably request.

(7) Effective as of the Acquisition Date, the LP Entities shall amend the LP Pension Plans were required to give effect to this Section 5.3, and shall, with the cooperation of Purchaser, file such amendments with the appropriate Governmental Authority. A Party who receives any consent or approval required to be obtained from a Governmental Authority in order to effect the transfer of the LP Pensions Plan to Purchaser shall immediately notify the other Parties when such consent or approval is received.

(8) If any required Governmental Authority approval in respect of an LP Pension Plan cannot be obtained, the LP Pension Plans shall not be assigned to or assumed by Purchaser and Purchaser shall establish or amend, effective as of Acquisition Date, a pension plan or plans (the "**Purchaser Established Pension Plans**") to provide benefits in compliance with all Applicable Laws applicable to the rights of the Transferred Employees covered by such LP Pension Plan and in respect of the employment of such Transferred Employees on and after the Acquisition Date on substantially similar terms and conditions as those provided under such LP Pension Plan. For the avoidance of doubt, in the event that the Pension Assignment and Assumption Agreements do not receive regulatory approval the Parties agree and intend to act in good faith and use commercially reasonable efforts to find an alternative method to deal with accrued pension benefits of Transferred Employees.

Section 5.4 Unionized Employees

(1) The provisions of this Article 5 insofar as they relate to unionized Employees shall be subject and subordinate to the provisions of the relevant collective agreements (including expired collective agreements that continue by operation of law) and Purchaser shall be bound as a successor employer to such collective agreements to the extent required by Applicable Law.

(2) Effective as of the Acquisition Date, Purchaser shall assume all of the LP Entities' obligations and Liabilities to make contributions to the Multi-Employer Plans in which any LP Entity participates, pursuant to the terms of the collective agreements applicable to its unionized Employees or as otherwise required under applicable pension benefits legislation.

ARTICLE 6 – TAX MATTERS

Section 6.1 Goods and Services Tax and Québec Sales Tax

- (1) CCI hereby represents and warrants
 - (a) that it is duly registered for the purposes of Part IX of the GST Act; and
 - (b) that it is duly registered for the purposes of the QST Act.

- (2) Canwest LP hereby represents and warrants
 - (a) that it is duly registered for the purposes of Part IX of the GST Act; and
 - (b) that it is duly registered for the purposes of the QST Act.
- (3) CPI hereby represents and warrants
 - (a) that it is duly registered for the purposes of Part IX of the GST Act; and
 - (b) that it is duly registered for the purposes of the QST Act.
- (4) Purchaser hereby covenants that as of the Acquisition Date:
 - (a) it will be duly registered for the purposes of Part IX of the GST Act; and
 - (b) it will be duly registered for the purposes of the QST Act.
- (5) The LP Entities hereby represent and warrant to Purchaser that Purchaser is acquiring under this Agreement all or substantially all of the property that can reasonably be regarded as being necessary for it to carry on the Business as a business.
- (6) Purchaser and the LP Entities shall jointly make the elections provided for under subsection 167(1) of the GST Act and under section 75 of the QST Act so that no GST or QST will be payable in respect of the transactions contemplated by this Agreement. Purchaser and the LP Entities shall jointly complete the election forms (more particularly described as form GST 44 and QST form FP-2044-V) in respect of such elections and Purchaser shall file the said election forms no later than the due date for Purchaser's GST and QST returns for the first reporting period in which GST or QST, as applicable, would, in the absence of such elections, become payable in connection with the transactions contemplated by this Agreement.

Section 6.2 Provincial Retail Sales Taxes

- (1) On or before the Acquisition Date, Purchaser will provide the LP Entities with Purchaser's retail sales tax registration numbers and prescribed exemption certificates to substantiate exemptions from the Taxes for qualifying production equipment and machinery, and with respect to inventories of goods held for sale or resale or for incorporation, processing and manufacturing into goods to be held for sale for the purposes of substantiating exemptions from the Tax exigible under the *Retail Sales Tax Act* (Ontario) and provincial Tax legislation in British Columbia, Saskatchewan, Manitoba and Prince Edward Island. At the Acquisition Time, Purchaser shall pay to the LP Entities any such Taxes exigible under provincial sales tax legislation in the foregoing provinces in respect of any Acquired Assets and the LP Entities shall remit such Taxes to the appropriate Governmental Authorities in each province in accordance with the applicable legal and administrative requirements, provided that, if the harmonized sales tax regime is applicable in Ontario or British Columbia on the Acquisition Date, Section 6.1, rather than this Section 6.2(1), shall apply in respect of any Acquired Assets that would have otherwise been subject to taxes under the *Retail Sales Tax Act* (Ontario) or the *Social Services Tax Act* (British Columbia), respectively.

(2) Purchaser shall pay to the LP Entities the provincial retail sales taxes under this Section 6.2(2) based on the portion of the Purchase Price allocated to the applicable Acquired Assets pursuant to the allocation described in Section 4.1. If (a) any additional provincial sales taxes are payable in respect of the Acquired Assets, Purchaser shall remit such additional provincial sales taxes directly to the appropriate taxing authority, (b) provincial sales taxes have been collected by the LP Entities in excess of the amount required to be remitted in respect of the Acquired Assets, the LP Entities shall return such excess to Purchaser, and (c) provincial sales taxes have been collected and remitted by the LP Entities in excess of the amount required to be remitted in respect of the Acquired Assets, Purchaser shall apply for a refund of such excess taxes directly to the appropriate taxing authority.

Section 6.3 Land Transfer Taxes

Purchaser shall prepare and file (a) any affidavits or returns required under the *Land Transfer Tax Act* (Ontario) and other applicable provincial legislation and (b) any municipal land transfer taxes applicable in the City of Toronto and any other applicable city or municipal land transfer taxes, at its cost and expense and pay to the prescribed Governmental Authority any Tax exigible in respect thereof.

Section 6.4 Rejected Elections and Indemnity

(1) Notwithstanding any representations given by the LP Entities contained herein, if any Governmental Authority refuses to accept an election contemplated in Section 6.1(6), after exhausting any challenges to and appeals of such refusal which Purchaser in its sole discretion (and at its sole expense) may choose to initiate and prosecute, Purchaser shall pay to the relevant Governmental Authority any Tax which would, in the absence of such elections, become payable in connection with the transactions contemplated by this Agreement.

(2) If any Tax is imposed on any LP Entity or its directors by reason of Purchaser failing to comply with any obligation under this Article 6 (other than Taxes which are imposed by reason of any of the LP Entities' non-compliance, delinquency or delay in remitting any Taxes collected from Purchaser), Purchaser shall indemnify and hold harmless such LP Entity and its directors for such Taxes, notwithstanding any representations given by the LP Entities contained herein.

ARTICLE 7 – REPRESENTATIONS AND WARRANTIES OF THE LP ENTITIES

Each of the LP Entities jointly and severally represents and warrants to Purchaser and Holdco as stated below and acknowledges that each of Purchaser and Holdco is relying on the accuracy of each such representation and warranty in entering into this Agreement and completing the Acquisition.

Section 7.1 Corporate Matters

(1) **Status and Capacity of the LP Entities.** Except as disclosed in Schedule 7.1(1), each of Canwest Books, Canwest GP, CPI and National Post has been duly incorporated and organized, is a subsisting corporation under the laws of their jurisdiction of incorporation, and each has the corporate power and capacity and is duly qualified to own or lease its property and to carry on the Business and the business of National Post, as the case may be, as now conducted in each jurisdiction in which any of them own or lease property or carry on the Business or the business

of National Post. Except as disclosed in Schedule 7.1(1), each of Canwest Books, Canwest GP and CPI has full corporate power and capacity to execute and deliver this Agreement and to consummate the Acquisition and otherwise perform its obligations under this Agreement. Canwest LP is a subsisting limited partnership under the *Limited Partnerships Act* (Ontario). Except as disclosed in Schedule 7.1(1), Canwest GP has the corporate power and capacity to act as the general partner of Canwest LP, to enter into and perform its obligations under this Agreement, and to execute and deliver this Agreement on behalf of Canwest LP.

(2) **Authorization of Acquisition.** The execution and delivery of this Agreement and, subject to the making of the Sanction and Vesting Orders, as of the Acquisition Date the consummation of the Acquisition has been duly and validly authorized by all necessary corporate action on the part of the LP Entities (other than Canwest GP and Canwest LP). The execution and delivery of this Agreement and, subject to the making of the Sanction and Vesting Orders, as of the Acquisition Date the consummation of the Acquisition have been duly and validly authorized by all necessary corporate action on the part of Canwest GP on its own behalf and on behalf of Canwest LP.

(3) **Enforceability.** This Agreement has been duly and validly executed and delivered by each of the LP Entities (other than Canwest LP) and has been duly and validly executed and delivered by Canwest GP on behalf of Canwest LP. This Agreement, subject to the making of the Sanction and Vesting Orders, is a valid and legally binding obligation of each of the LP Entities enforceable against each of the LP Entities in accordance with its terms, except as may be subject to applicable bankruptcy, insolvency, moratorium or other similar laws, now or hereafter in effect, relating to or affecting the rights of creditors generally and by legal and equitable limitations or the enforceability of specific remedies.

(4) **Residence.** None of the LP Entities is a non-resident of Canada within the meaning of the ITA. Canwest LP is a "Canadian partnership" for purposes of the ITA.

(5) **Books and Records.** The Books and Records (other than the corporate and other records specifically referenced in Section 7.1(6), all of which have been or prior to the Acquisition Date will be provided to Purchaser, are complete and accurate records of the information purported to be reflected therein in all material respects.

(6) **Corporate Records.** The corporate records, minute books and share record books of National Post, all of which have been or prior to the Acquisition Date will be provided to Purchaser, contain complete and accurate minutes of all meetings of and corporate actions or written resolutions of the directors, committees of directors and shareholders of National Post, including all by-laws and resolutions passed by the directors, committees of directors and shareholders of National Post, since the date National Post was formed. All such meetings were duly called and held, all such corporate actions and written resolutions were duly taken or validly signed and all such by-laws and resolutions were duly passed. The share certificate books, register of shareholders, register of transfers, register of directors and similar corporate records of National Post are complete, accurate and current.

(7) **Shareholders' Agreements, etc.** There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of National Post.

(8) **No Other Acquisition Agreements.** Except as disclosed in Schedule 7.1(8), no Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, or by any pre-emptive or other contractual right) capable of becoming an agreement, option or commitment: (i) for the purchase or other acquisition from an LP Entity of any of the Acquired Assets, (ii) which would restrict the ability of the LP Entities to transfer any of the Acquired Assets free of any Encumbrances (other than Permitted Encumbrances) to Purchaser, or (iii) or for the issuance of any securities of National Post or the acquisition of any assets of National Post, in each case other than the sale of any Acquired Asset in the Ordinary Course of Business.

(9) **Regulatory Approvals.** Neither an LP Entity nor National Post is under any obligation, contractual or otherwise, to request or obtain any material Regulatory Approval (other than Competition Act Approval) or to give any notice to any Governmental Authority:

- (a) by virtue of or in connection with the execution, delivery or performance by the LP Entities of this Agreement or the completion of the Acquisition;
- (b) to avoid the loss of any Licence or to avoid the violation, breach or termination of, or any default under, or the creation of any Encumbrance under the terms of, any Applicable Law; or
- (c) in order that the authority and ability of Purchaser to carry on the Business and for National Post to carry on its business in the Ordinary Course of Business and in the same manner as presently conducted by the LP Entities and National Post remains in good standing and in full force and effect as of and following the Acquisition.

(10) **Consents.** All Material Contracts and all Real Property Leases, Personal Property Leases and Licences which are material to the Business or the operation of the National Post newspaper or any newspaper which is part of the Business under which an LP Entity or National Post is obligated to request or obtain any Consent or Regulatory Approval or to give any notice by virtue of or in connection with the execution, delivery or performance by the LP Entities of this Agreement or the completion of the Acquisition are identified in Schedule 7.1(10).

Section 7.2 Financial Matters

(1) **Financial Statements.** The audited consolidated balance sheet of the LP Entities at August 31, 2009 (the "**Reference Balance Sheet**") and the audited consolidated balance sheet of the LP Entities at August 31, 2008 and August 31, 2007, (ii) the audited consolidated statements of earnings (loss), comprehensive income (loss), partners' deficiency and cash flows of the LP Entities for the years then ended, (iii) the unaudited consolidated balance sheet of the LP Entities and National Post at February 28, 2010 and November 30, 2009 and (iv) the unaudited consolidated statements of earnings (loss), comprehensive income (loss), partners' deficiency and cash flows of the LP Entities and National Post for the interim periods ended February 28, 2010 and November 30, 2009 (the balance sheets and statements referred to in clauses (i), (ii), (iii) and (iv) being herein collectively referred to as the "**Financial Statements**") have been prepared in all material respects in accordance with Canadian GAAP and present fairly, in all material respects, the financial condition and the results of operations of the LP Entities at the respective dates and for the period covered by such statements.

(2) **Financial Records.** All financial transactions of the Business or the business of National Post which are material to the Business or the business of National Post or the operation of any newspaper which is part of the Business or the business of the National Post have been properly recorded in the Financial Records, which have been maintained in accordance with sound business and financial practice and have been or prior to the Acquisition Date will be provided to Purchaser. The Financial Records accurately reflect in all material respects the basis for the financial condition and the revenues, expenses and results of operations of the Business and the business of National Post. No information, records, systems, controls or data pertaining to or required for the operation or administration of the Business or the business of National Post are recorded, stored, maintained by, or are otherwise dependent upon, any computerized or other system, program or device that is not licensed to or owned by and controlled by an LP Entity or National Post and on the Acquisition Date the LP Entities or National Post will have originals or copies of all such records, systems, controls or data in its possession or control, including where applicable, copies of all computer software and documentation relating thereto.

(3) **Absence of Certain Changes or Events.** Since the Reference Date and except as approved by an Order of the CCAA Court or as specified in Schedule 7.2(3), neither an LP Entity nor National Post has:

- (a) incurred any Liability which is material to the Business or the business of National Post, except normal trade or business obligations incurred in the Ordinary Course of Business, none of which is materially adverse to the Business or the business of National Post;
- (b) created any Encumbrance (other than Permitted Encumbrances and Encumbrances relating to the DIP Credit Agreement (including the pledge of all shares of National Post)) upon any of the Acquired Assets or any of the assets of National Post, except in the Ordinary Course of Business or as described in this Agreement or pursuant to, or as a result of, the CCAA Case;
- (c) sold, assigned, transferred, leased or otherwise disposed of any of the material Acquired Assets or any material assets of National Post, except in the Ordinary Course of Business or as contemplated by this Agreement;
- (d) purchased, leased or otherwise acquired any properties or assets, except in the Ordinary Course of Business or as contemplated by this Agreement;
- (e) waived, cancelled or written off any rights, Claims, Accounts Receivable or any amounts payable to an LP Entity or National Post which alone or together are material to the Business or the business of National Post or any newspaper which is part of the Business, except in the Ordinary Course of Business;
- (f) suffered any damage, destruction or loss (whether or not covered by insurance) which constitutes a Material Adverse Effect;
- (g) increased any form of compensation or other benefits payable or to become payable to any Employees or employees of National Post, or to any contractors, consultants or agents of the Business or National Post, except increases made in the Ordinary Course of Business and consistent with past practice or for "KERP"

or "MIP" payments due to certain senior Employees disclosed in writing to Purchaser prior to the date hereof; or

(h) authorized, agreed or otherwise become committed to do any of the foregoing.

(4) **Taxes.** There are no Encumbrances (other than Permitted Encumbrances) for Taxes upon any of the Acquired Assets or upon any of National Post's assets, and no event has occurred with which the passage of time or the giving of notice, or both, could reasonably be expected to result in an Encumbrance (other than a Permitted Encumbrance) for Taxes on any of the Acquired Assets or any of National Post's assets.

(5) **National Post - Certain Matters.**

(a) National Post has duly and on a timely basis prepared and filed with each Governmental Authority as required by Applicable Law all Tax returns, elections, filings, forms and other documents required to be filed by it in respect of all Taxes ("Tax Returns"), and such Tax Returns are complete and correct in all material respects. No extension of time in which to file any such Tax Return is in effect.

(b) National Post has paid, collected and remitted on a timely basis all Taxes which are due and payable, collectible or remittable, as the case may be, by it on or before the date hereof. Without limiting the foregoing, National Post has withheld from each amount paid or credited to any Person the amount of Taxes required to be withheld therefrom and has remitted such Taxes to the proper Governmental Authority within the time required under Applicable Law.

(c) No debt or other obligation of National Post has been or will be settled or extinguished on or prior to the Acquisition Time such that the provisions of Sections 80 to 80.04 of the ITA applies or would apply thereto and National Post has not entered, and will not enter, into an agreement to have a forgiven amount transferred to it under section 80.04 of the ITA.

(d) The value of consideration paid or received by National Post in respect of the acquisition, sale or transfer of any property or the provision of any services to or from any person with whom they do not deal at "arm's length" (as defined for purposes of the ITA) has been equal to the fair market value of such property acquired, sold or transferred or services provided.

(6) **Litigation.** Except for the CCAA Case and any claim filed in the claims procedure being conducted in the CCAA Case, the litigation matters set out on Schedule 1.1(78) and the two class action suits described in Schedule 1.1(62), none of the LP Entities nor National Post is a party to, a defendant in or otherwise subject to any material litigation, arbitration or court proceedings, and to the best of the knowledge of the LP Entities, no such proceedings are threatened against any of the LP Entities or National Post, except for libel, slander and defamation cases arising in the Ordinary Course of Business.

(7) **Insurance.** The LP Entities and National Post are covered by such policies of insurance, issued by responsible insurers, as are appropriate to the Business, the Acquired Assets or the business and assets of National Post, in such amounts and against such risks as are customarily

carried and insured against by owners of comparable businesses, properties and assets. True and complete copies of all such policies of insurance have been provided to Purchaser. All such policies are in full force and effect and the LP Entities and National Post are not in material default, as to the payment of premiums or otherwise, under the terms of any such policy.

(8) **Capital Expenditures.** Neither an LP Entity nor National Post is committed to make any capital expenditures in respect of the Business or the business of National Post, nor have any capital expenditures in respect of the Business or National Post been authorized by an LP Entity or National Post at any time since the Reference Date, except for capital expenditures made in the Ordinary Course of Business as reflected in the cash flows of the Business provided to Purchaser prior to the date hereof.

(9) **Canadian Newspapers.** Each newspaper to be acquired from an LP Entity pursuant to this Agreement and the newspaper published by National Post is a "Canadian newspaper", each issue of which is a "Canadian issue", for purposes of section 19 of the ITA.

Section 7.3 Share Capital, Shares and Assets – National Post

(1) **Authorized and Issued Share Capital.** The authorized capital of National Post is an unlimited number of common shares of which one common share has been duly issued and is outstanding as a fully paid and non-assessable share in the capital of National Post. No shares or other securities of National Post have been issued in violation of any Applicable Law, the articles of incorporation, by-laws or other constating documents of National Post or the terms of any shareholders' agreement or any agreement to which National Post is a party or by which it is bound. National Post has not issued or authorized the issue of any shares except the share which forms part of the Acquired Assets.

(2) **Title.** CPI legally and beneficially owns and controls all shares of National Post and the intercompany debt owed by National Post to CPI, with a good and marketable title thereto free of any Encumbrances other than Permitted Encumbrances, Encumbrances relating to the Senior Credit Agreement and the DIP Credit Agreement (including the pledge of all shares of National Post) and Encumbrances created by order of the CCAA Court in connection with the CCAA Case.

(3) **Title to Assets.** Except for any intellectual property in the public domain, National Post owns, and has good and marketable title to, or has the right to use its assets free of any Encumbrances other than Permitted Encumbrances and Encumbrances relating to the intercompany debt owed by National Post to CPI.

Section 7.4 Assets

(1) **Title to Assets.** Except as set out in Schedule 7.4(2), the LP Entities own, and have good and marketable title to, or have the right to use the Acquired Assets free and clear of any Encumbrances other than Permitted Encumbrances, Encumbrances relating to the Senior Credit Agreement and the DIP Credit Agreement (including the pledge of all shares of National Post) and Encumbrances created by order of the CCAA Court in connection with the CCAA Case.

(2) **Real Property.**

- (a) The Real Property listed in Schedule 7.4(2) is the only real property owned by the LP Entities and the National Post and the Leased Premises listed in Schedule 7.4(2) are the only material leased premises held or used in connection with the Business or the business of National Post.
- (b) Except as set out in Schedule 7.4(2), CPI is the absolute, legal and beneficial owner of, and has good and marketable title in fee simple to, all of the Real Property, free and clear of any and all Encumbrances other than the Permitted Encumbrances, Encumbrances relating to the Senior Credit Agreement and the DIP Credit Agreement and Encumbrances created by order of the CCAA Court in connection with the CCAA Case.

(3) Real Property Leases and Leased Premises.

- (a) Schedule 7.4(3) describes all material Real Property Leases. Complete and correct copies of such Real Property Leases have been provided to Purchaser.
- (b) Except as disclosed in Schedule 7.4(3), the LP Entities are exclusively entitled to all rights and benefits as lessee under the Real Property Leases, and no LP Entity has sublet, assigned, licensed or otherwise conveyed any rights in the Leased Premises or in the Real Property Leases to any other Person.
- (c) Except as disclosed in Schedule 7.4(3), or as has been or may be approved by Order of the CCAA Court, all rental and other payments and other obligations required to be paid and performed by an LP Entity pursuant to the Real Property Leases in respect of the periods after the Filing Date have been duly paid and performed. Except as disclosed in Schedule 7.4(3) or as has been or may be approved by Order of the CCAA Court, no LP Entity is in default of any of its obligations under the Real Property Leases and, to the best of the LP Entities' knowledge, none of the landlords or other parties to the Real Property Leases are in default of any of their obligations thereunder in each case except for defaults that, alone or in the aggregate, are not material to the Business, the business of National Post or the operation of any newspaper which is part of the Business.

(4) Status of Real Property and Leased Premises. The Real Property and Leased Premises are zoned so as to permit their current use in all material respects. The use by the LP Entities of the Real Property and the Leased Premises is in material compliance with Applicable Laws and, in particular, is not in material breach of any building, zoning or other statute by-law, ordinance, regulation, covenant, restriction or official plan.

(5) Environmental Matters.

- (a) (i) The LP Entities, National Post, the operation of the Business and the business of National Post, the Acquired Assets (including the Real Property and the Leased Premises) and the use, maintenance and operation thereof have been and are in material compliance with all Environmental Laws; and (ii) none of the LP Entities nor National Post has received any notice of any actual or alleged material non-compliance with any Environmental Law, and (iii) none of the LP Entities nor National Post have ever been convicted of an offence for non-compliance with

any Environmental Law or been fined or otherwise sentenced or settled any prosecution or claim under any Environmental Law.

- (b) There is (i) no pending or, to the best of the LP Entities' knowledge, threatened material Environmental Claim against the LP Entities or National Post or, to the best of the LP Entities' knowledge, any pending or threatened material Environmental Claim against any prior owner or occupant of any Real Property or Leased Premises; and (ii) to the best of knowledge of the LP Entities, there exists no environmental condition, incident or matter, including any Release, which constitutes a Material Adverse Effect.
- (c) The LP Entities and National Post have obtained all material Environmental Permits necessary to conduct the Business and the business of National Post and to own, use and operate the Acquired Assets (including the Real Property and Leased Premises) and the assets of National Post. All such Environmental Permits are valid and are in full force and effect in all material respects, there have been no material violations thereof and there are no legal proceedings pending or threatened to alter or revoke any of them.
- (d) All material environmental assessments and environmental studies and reports relating to any of the Acquired Assets generated on behalf of any LP Entity within the last three years and in the possession of the LP Entities (or which with reasonable effort could be brought into the possession of the LP Entities) have been made available to Purchaser.

(6) **Personal Property Leases.** Schedule 7.4(6) lists or identifies all Personal Property Leases which are material to the Business, the business of National Post or the operation of any newspaper which is part of the Business. Except as may be affected by an Order of the CCAA Court (i) each Personal Property Lease is in full force and effect and has not been amended, and an LP Entity or National Post is entitled to the full benefit and advantage of each Personal Property Lease in accordance with its terms; and (ii) each Personal Property Lease is in good standing and there has not been any material default by any party under any Personal Property Lease nor any material dispute between an LP Entity or National Post and any other party under any Personal Property Lease.

(7) **Work Orders and Deficiencies.** There are no material outstanding work orders, non-compliance orders, deficiency notices or other such notices relating to the Real Property, the Leased Premises, the other Acquired Assets, the Business or the business or assets of National Post which have been issued by any Governmental Authority including any police or fire department, sanitation, environment, labour or health authority. There are no material matters under discussion with any Governmental Authority relating to work orders, non-compliance orders, deficiency notices or other such notices.

(8) **Intellectual Property.**

- (a) Schedule 7.4(8) sets forth a complete list and a brief description of (i) all material domain names and material trademarks owned or used in the Business or in the business of National Post whether or not such domain names or trademarks have been registered or whether applications for registration have been filed by or on

behalf of an LP Entity or National Post; and (ii) particulars of all registrations and applications for registration in respect of such domain names and trademarks.

- (b) The LP Entities and National Post do not own or use any material Intellectual Property that consists of patents and industrial designs. The LP Entities or National Post own or will own by the Acquisition Date all material trademarks used in the Business or the business of National Post, as applicable, other than trademarks licensed from the CMI Entities pursuant to the agreements referenced in the Shared Services Agreement and the Omnibus Transition and Reorganization Agreement and implied licences from advertisers.
- (c) The LP Entities do not and will not by the Acquisition Date grant or license any rights in any material Intellectual Property to (i) any Person other than to the CMI Entities pursuant to the Shared Services Agreement, the Omnibus Transition and Reorganization Agreement or the other agreements referenced therein; or (ii) third parties pursuant to agreements entered into in the Ordinary Course of Business that are not material to the Business or the business of the National Post.
- (d) Except for the matters listed in Schedule 1.1(78) and the two class action lawsuits described in Schedule 1.1(62), there are no claims pending, or to the knowledge of the LP Entities threatened, against the LP Entities or National Post relating to any of the material Intellectual Property owned by the LP Entities or National Post and, to the knowledge of the LP Entities, pending or threatened against the LP Entities or National Post relating to any of the material Intellectual Property used by the LP Entities or National Post.

Section 7.5 Conduct of Business

(1) **No Material Adverse Change.** Except as set out in Schedule 7.5(1) or as approved by Order of the CCAA Court, since the Reference Date, there has not been any change in the affairs, prospects, operations, assets or financial condition of the Business or the business of National Post, other than changes in the Ordinary Course of Business or as otherwise contemplated in this Agreement, which would constitute a Material Adverse Effect.

(2) **Ordinary Course.** Except as disclosed in writing to Purchaser prior to the date hereof or as approved by an Order of the CCAA Court, the Business and the business of National Post has been carried on only in the Ordinary Course of Business since the Reference Date, and will be carried on only in the Ordinary Course of Business after the date of this Agreement or as otherwise contemplated in this Agreement and up to the Acquisition Date, subject to the CCAA Case.

(3) **Restrictions on Doing Business.** Neither an LP Entity nor National Post is a party to or bound by any agreement or commitment which would restrict or limit the rights of Purchaser to carry on or compete in any business or activity or to solicit business from any Person or in any geographical area or otherwise to conduct the Business as currently conducted and as proposed to be conducted. To the best of the LP Entities' knowledge, there are no facts or circumstances which could materially adversely affect the ability of Purchaser to continue to operate the Business, the National Post newspaper or any newspaper which is part of the Business as presently conducted following the completion of the Acquisition.

(4) **Material Contracts.** Schedule 7.5(4) lists or identifies all Material Contracts. Except as contemplated by or resulting from the CCAA Case, (i) none of the LP Entities or National Post is, nor to the best of the LP Entities' knowledge, any other party to any such Material Contract, is in default under any such Material Contract and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default under any such Contract by an LP Entity or National Post or any other party to any such Material Contract, in each case except where such default is not material to the Business, the business of National Post or the operation of any newspaper which is part of the Business; (ii) each such Material Contract is in full force and effect, unamended by written or oral agreement, except as set out in Schedule 7.5(4), and an LP Entity or National Post is entitled to the full benefit and advantage of each Material Contract in accordance with its terms; and (iii) no notice of default has been received by any LP Entity or National Post under any such Material Contract nor does there exist any material dispute between an LP Entity or National Post and any other Person in respect of any such Material Contract.

(5) **Compliance.** Except as would not constitute a Material Adverse Effect, the LP Entities and National Post (i) are not and have not been in violation of any Applicable Law applicable to the conduct of the Business or the business of National Post, and (ii) possess and have been in compliance with all Licenses necessary for the conduct of the Business or the business of National Post.

Section 7.6 Employment Matters

(1) **Remuneration.** Since the Reference Date, no payments have been made or authorized by an LP Entity or by National Post to directors, officers, Employees, employees of National Post, contractors, consultants or agents except at regular rates of remuneration or increases made in the Ordinary Course of Business and consistent with past practice or for "KERP" or "MIP" payments disclosed in writing to Purchaser prior to the date hereof. There are no outstanding loans or advances made or granted by an LP Entity or National Post to any Employee, employee of National Post, contractor, consultant or agent, except for travel advances made to Employees or employees of National Post in the Ordinary Course of Business.

(2) **Labour Matters and Employee Contracts.** Except as disclosed in Schedule 7.6(2), neither any LP Entity nor National Post is a party to or bound by any collective agreement, labour contract, letter of understanding, memorandum of understanding, letter of intent, voluntary recognition agreement or other legally binding commitment to any labour union, trade union, employee association or similar entity in respect of any Employees, employees of National Post or contractors rendering services to an LP Entity or National Post, nor is an LP Entity or National Post currently conducting negotiations with any labour union, trade union, employee association or similar entity. Except as disclosed in Schedule 7.6(2), each LP Entity and National Post have complied in all material respects with all provisions of the collective agreements and other agreements disclosed in Schedule 7.6(2) and there are no existing or, to the best of the LP Entities' knowledge, threatened labour strikes, cessations or suspensions of work or labour disputes, lockouts, slowdowns, disturbances, grievances, arbitrations, unfair labour practice complaints, controversies or other labour troubles affecting an LP Entity, National Post or the Business, nor have there been any material labour disturbances within the period of five years preceding the date of this Agreement. True and complete copies of all employment agreements between any of the LP Entities, National Post and the Employees and National Post employees who are senior management have been provided to Purchaser.

(3) **Employee Laws.** Except as disclosed in Schedule 7.6(3), each LP Entity and National Post are in material compliance with all Employment Laws relating to Employees and National Post employees. There are no outstanding charges or orders requiring an LP Entity or National Post to comply with the *Occupational Health and Safety Act* (Ontario) or comparable applicable legislation of any other jurisdiction. Except as disclosed in Schedule 7.6(3), all obligations of the LP Entities and National Post in respect of vacation pay and banked vacation entitlement, holiday pay, overtime pay or time-off entitlement, sick pay or banked sick leave, contributions or premiums for Statutory Plans, accrued employee compensation, Multi-Employer Plans, LP Benefit Plans and National Post Benefit Plans payments or premiums, will have been paid or discharged as of the Acquisition Date or, if unpaid, are accurately reflected in the Books and Records.

Section 7.7 Pension and Other Benefit Plans

(1) **Benefit Plans.** Schedule 7.7(1) lists or identifies all of the LP Benefit Plans and Multi-Employer Plans.

(2) **Disclosure.** True, current and complete copies of all written LP Benefit Plans and National Post Benefit Plans, as amended to date, or where oral, a written summary of the material terms thereof together with current and complete copies of all material documents related to the LP Benefit Plans and National Post Benefit Plans have been delivered or made available to Purchaser, including, where applicable:

- (i) trust agreements and funding agreements;
- (ii) insurance contracts and policies, investment management agreements, statements of investment policies and procedures, subscription and participation agreements, benefit administration contracts and any financial administration contracts;
- (iii) booklets, summaries, manuals and communications of a general nature, distributed or made available to any Employees or former employees of the LP Entities or the employees or former employees of National Post;
- (iv) the most recent financial and accounting statements and reports;
- (v) the most recent actuarial reports required to be filed with a Governmental Authority; and
- (vi) all reports, statements, valuations, returns and correspondence for each of the last three years which affect premiums, contributions, refunds, deficits or reserves under any of LP Benefit Plan or National Post Benefit Plan.

(3) **Compliance.** Each of the LP Benefit Plans and National Post Benefit Plans is registered, invested and administered, in all material respects, in compliance with the terms thereof, with all Applicable Laws, and any applicable collective agreements. None of the LP Entities or National Post has received in the last six years, any notice from any Person questioning or challenging such compliance (other than a claim relating solely to benefits by that Person), and none of the

LP Entities or National Post has any knowledge of such notice whether written or otherwise, from any Person questioning or challenging such compliance record beyond the last six years.

(4) **Amendments.** No amendments have been made to any LP Benefit Plans or National Post Benefit Plans and no improvements to any LP Benefit Plans or National Post Benefit Plans have been promised that are not disclosed in the plan documents provided to Purchaser, except as may be required, or are reasonably anticipated to be required, by Applicable Law or the terms of a collective agreement.

(5) **Obligations under Multi-Employer Plans.** The obligations of the LP Entities or National Post to any Multi-Employer Plans in which the LP Entities or National Post participate or to which the LP Entities or National Post are required to contribute are restricted solely to providing information to the administrators of the Multi-Employer Plan and making contributions in accordance with and the terms of the applicable collective agreements, and the employer contributions requirements under the applicable pension benefits legislation.

(6) **Employee Data.** All employee data necessary to administer the LP Benefit Plans and National Post Benefit Plans is true and correct in all material respects.

(7) **Penalties, Taxes.** There are no material outstanding defaults or violations by any LP Entity or National Post in respect of any LP Benefit Plans or National Post Benefit Plans, and no material Taxes, penalties or fees are owing or exigible under any of the LP Benefit Plans or National Post Benefit Plans.

(8) **Contributions.** All contributions or premiums required to be paid or remitted by an LP Entity or National Post under the terms of each LP Benefit Plan and National Post Benefit Plan or by any Applicable Law or collective agreement or other labour union contract have been paid or remitted in accordance with the terms thereof and any Applicable Law or collective agreement or other labour union contract. All employee contributions to the LP Benefit Plans and National Post Benefit Plans required to be made by way of payroll deduction have been authorized by the employees and properly withheld by an LP Entity or National Post and fully paid into the LP Benefit Plans and National Post Benefit Plans funds or remitted in connection with the LP Benefit Plans and National Post Benefit Plans.

(9) **Post-Retirement Benefits.** Except as disclosed in Schedule 7.7(9), none of the LP Benefit Plans provide benefits beyond retirement or other termination of service to Employees or National Post employees, or former employees or beneficiaries or dependants of such Employees or National Post employees.

Section 7.8 General Matters

(1) **No Conflicts.** The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by the LP Entities, and the completion of the Acquisition, will not constitute or result in a material violation or breach of or default under:

- (a) any term or provision of any of the articles, by-laws or other constating documents of the LP Entities or National Post;

- (b) subject to obtaining the Consents, the terms of any Personal Property Lease or Real Property Lease, in each case, that is material to the Business or the business of National Post or any Material Contract; and
- (c) subject to obtaining the Regulatory Approvals, any term or provision of any (i) Licence or Order that is material to the Business or the business of National Post or (ii) Applicable Law.

(2) **Disclaimer of Other Representations and Warranties.** Except as expressly set forth in this Article 7, the LP Entities make no representation or warranty, and there is no condition, in each case, express or implied, at law, by statute or in equity, in respect of the Business or the Acquired Assets or the Assumed Liabilities, or the business or assets of National Post, including with respect to merchantability or fitness for any particular purpose, and any such other representations, warranties or conditions are expressly disclaimed.

ARTICLE 8 – REPRESENTATIONS AND WARRANTIES OF PURCHASER AND HOLDCO

Each of Purchaser and Holdco represents and warrants to each of the LP Entities as stated below and acknowledges that each of the LP Entities is relying on the accuracy of each such representations and warranties in entering into this Agreement and completing the Acquisition.

Section 8.1 Status

It is and has full power and authority to execute and deliver this Agreement and to consummate the Acquisition.

Section 8.2 Due Authorization

The execution and delivery of this Agreement and the consummation of the Acquisition have been duly and validly authorized by it and no other corporate proceedings on its part are necessary to authorize this Agreement or the Acquisition.

Section 8.3 Enforceability

This Agreement has been duly and validly executed and delivered by it and is a valid and legally binding agreement of it enforceable against it in accordance with its terms except as may be subject to applicable bankruptcy, insolvency, moratorium or other similar laws, now or hereafter in effect, relating to or affecting the rights of creditors generally and by legal and equitable limitations or the enforceability of specific remedies.

Section 8.4 Investment Canada Act

Subject to a contrary determination by the Heritage Minister, Purchaser is not a “non-Canadian” within the meaning of the ICA.

Section 8.5 No Conflicts

The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by it, and the completion of the Acquisition, will not constitute or result in a violation or breach of or default under:

- (1) any term or provision of any of its articles, by-laws or other constating documents;
- (2) the terms of any indenture, mortgage, lease, agreement, obligation or instrument, in each case, that is material to it or any of its Affiliates; or
- (3) subject to obtaining the Regulatory Approvals described in Schedule 10.1(6), any term or provision of any Order applicable to it or any Applicable Law.

Section 8.6 Financial Ability

(1) Purchaser has firm commitments from lenders and/or other financing parties to provide an aggregate of US\$700 million and \$250 million of debt and equity financing to fund the cash portion of the Purchase Price. Prior to the execution and delivery of this Agreement, Purchaser delivered to the LP Entities and the Monitor true and complete copies of the following commitment letters evidencing such commitments: (i) the availability of committed credit facilities pursuant to an executed commitment letter (the "**Debt Commitment Letter**") dated April 30, 2010 made by J.P. Morgan Securities Inc., Morgan Stanley Senior Funding, Inc. And JPMorgan Chase Bank, N.A. (collectively, the "**Lenders**") in favour of Purchaser and Holdco, and (ii) equity commitments pursuant to an executed equity commitment letter (the "**Equity Commitment Letter**") dated April 30, 2010 made by each of GoldenTree Asset Management LP, TD Asset Management Inc., Invesco Trimark Ltd., Halbis Distressed Opportunities Master Fund Ltd, Alden Global Distressed Opportunities Fund, L.P., First Eagle Investment Management, LLC, 1798 Relative Value Master Fund, Ltd., Seneca Capital Investments, LP and OZ CW Investments LLC (collectively, the "**Equity Sponsors**") in favour of Purchaser and Holdco. The commitments described in the Debt Commitment Letter and the Equity Commitment Letter are not subject to any condition precedent other than the conditions expressly set forth therein. As of the date hereof, each of the Debt Commitment Letter and the Equity Commitment Letter are in full force and effect, unamended and is a legal, valid and binding obligation of Purchaser and Holdco, the Equity Sponsors and the Lenders. As of the date hereof: (i) no amendment or modification to the Debt Commitment Letter or the Equity Commitment Letter are contemplated (except to add additional Equity Sponsors), and (ii) as of the date hereof no event has occurred which, with or without notice, lapse of time or both, would constitute a default or breach on the part of the Purchaser or Holdco under the Debt Commitment Letter or the Equity Commitment Letter, respectively that would, in either (i) or (ii), reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement. As of the date hereof Purchaser and Holdco have no reason to believe that they will be unable to satisfy on a timely basis any term or condition of closing of the financing to be satisfied by either of them contained in the Debt Commitment Letter or the Equity Commitment Letter and neither Purchaser nor Holdco is aware of any fact, occurrence or condition that would reasonably be expected to cause either of such financing commitments to terminate or be ineffective or any of the terms or conditions of closing of such financings not to be met or of any impediment to the funding of the cash payment obligations of Purchaser in connection with the Acquisition.

Section 8.7 Litigation

There are no claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations, investigations or other proceedings, including appeals and applications for review, in progress or, to its knowledge, pending or threatened against or relating to it which, if determined adversely against it, would,

- (1) prevent Purchaser from paying the Purchase Price in accordance with this Agreement;
- (2) enjoin, restrict or prohibit the transfer of all or any part of the Acquired Assets as contemplated by this Agreement; or
- (3) prevent it from fulfilling any of its obligations set out in this Agreement or arising from this Agreement.

Section 8.8 Tax Registrations

As of the Acquisition Date, Purchaser will be duly registered under Subdivision (d) of Division V of Part IX of the GST Act with respect to the goods and services tax and harmonized sales tax and under Division I of Chapter VIII of Title I of the QST Act with respect to QST.

Section 8.9 Canadian Newspapers

Upon completion of the Acquisition, each newspaper to be acquired from an LP Entity pursuant to this Agreement and the newspaper published by National Post will continue to be a "Canadian newspaper", each issue of which is a "Canadian issue", for purposes of section 19 of the ITA.

Section 8.10 Shareholders' Interests in Canadian Newspapers

No equityholder of Purchaser or Holdco owns any equity interest in excess of 10% in any newspaper or digital news media business in Canada.

Section 8.11 Diligence by Purchaser

Each of Purchaser and Holdco acknowledges that it has conducted an independent review, investigation and inspection of the financial condition, liabilities, results of operations and projected operations of the Business and the business of the National Post and the nature and condition of the LP Entities and the National Post's properties and assets and liabilities and, in making the determination to proceed with the transactions contemplated by this Agreement, has relied solely on the results of its own independent review, investigation and inspection and the representations, warranties, conditions and statements in Article 7 and, except to the extent specifically set forth in Article 7, Purchaser is purchasing the Acquired Assets on an "as-is, where-is" basis at Purchaser's risk and peril and Purchaser accepts the same in their present state, condition and location. Except as set forth in Article 7, no representation, warranty, condition or covenant is expressed or implied (by operation of law or otherwise) by the LP Entities, including any representations, warranties, conditions or covenants as to title, assignability, encumbrance, description, merchantability or fitness for a particular purpose, environmental compliance, condition, quantity or quality, or in respect of any other matter or thing whatsoever concerning

the Business, Acquired Assets and/or the Assumed Liabilities or, as applicable, the right of the LP Entities to sell or assign same and Purchaser has not relied upon any written or oral statements, representations, promises, warranties, covenants, conditions or guaranties whatsoever, whether expressed or implied (by operation of law or otherwise) concerning the Business, the business of the National Post, Acquired Assets and/or the Assumed Liabilities or the completeness of any information provided in connection therewith, except as set forth in Article 7. The disclaimer in this Section 8.11 is made notwithstanding the delivery of disclosure to Purchaser or its directors, officers, employees, agents or representatives of any documentation or other information (including any financial projections or other supplemental data included in this Agreement and/or any schedule) and such documentation or information is not warranted to be complete or accurate or correct and such description does not constitute part of the terms and conditions of the sale of the Acquired Assets or the assumption of the Assumed Liabilities. Any and all conditions, warranties or representations express or implied pursuant to the Civil Code of Québec or other applicable sale of goods legislation do not apply hereto and are hereby expressly waived by Purchaser.

ARTICLE 9 – COVENANTS

Section 9.1 General Covenants

- (1) During the Interim Period, except as contemplated in the Initial Order or the CCAA Case or as otherwise consented to by Purchaser, the LP Entities shall, and shall cause National Post to:
 - (a) **Operations.** Carry on the Business and the business of National Post (including carrying on the operation of all newspapers) in the usual and ordinary course in substantially the same manner as heretofore conducted and preserve intact their present business organization, use all reasonable efforts to keep available the services of their present officers and employees and preserve their relationships with customers, suppliers and others having business dealings with them, subject to the CCAA Case and the Shared Services Agreement;
 - (b) **Insurance.** Keep in full force their current insurance policies relating to the Acquired Assets and the assets and properties of National Post or without permitting any termination, cancellation or lapse thereof, enter into replacement policies providing coverage equal to or greater than the coverage under those cancelled, terminated or lapsed for substantially similar premiums;
 - (c) **Inconsistent Activities.** Except in respect of the Credit Acquisition, not to solicit or encourage any inquiries or proposals or initiate discussions or negotiations with, or provide any information to any third party (other than Purchaser) concerning, or enter into any transaction involving, the acquisition of all or any part of the Business, the business of National Post or the Acquired Assets;
 - (d) **Pension Plans.** Except as contemplated by the Shared Services Agreement or the Omnibus Transition and Reorganization Agreement, not transfer any Person to or from any LP Pension Plans or National Post pension plan or undertake any transaction in relation to such plan, without Purchaser's consent;

- (e) **Representations and Warranties.** Not do anything that would cause any of the representations and warranties of the LP Entities under this Agreement or under any document delivered pursuant to this Agreement to be untrue, except as otherwise contemplated in this Agreement.

(2) Each of the Parties shall comply with legislative requirements or, as applicable, use commercially reasonable efforts to cause each of the conditions contained in this Agreement to be fulfilled or performed by it on or before the Acquisition Date as contemplated hereunder. Purchaser agrees to take all such actions as are within its power and control, and to use its commercially reasonable efforts to cause other actions to be taken which are not within their power to control, so as to ensure compliance with and satisfy any conditions set forth in any financing commitment letters described in Section 8.6.

Section 9.2 Actions to Satisfy Closing Conditions

(1) Each of the Parties shall use commercially reasonable efforts to take all such actions as are within its power to control, and to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in Article 9 and Article 10 which are for the benefit of any other Party, including:

- (a) preparing and filing as promptly as practicable all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals described in Schedule 10.1(6);
- (b) using their commercially reasonable efforts to obtain and maintain all approvals, clearances, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority or other third party that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including the Regulatory Approvals described in Schedule 10.1(6);
- (c) using commercially reasonable efforts to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Acquisition and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby; and
- (d) carrying out the terms of any order of the CCAA Court applicable to it and using commercially reasonable efforts to comply promptly with all requirements which Applicable Laws may impose on it or its Affiliates with respect to the transactions contemplated hereby.

(2) Purchaser shall co-operate with the LP Entities, and keep the LP Entities informed as to the status of the proceedings relating to Competition Act Approval and provide the LP Entities with copies of applications, notifications, filings and other communications in draft form, deleting information that is confidential to Purchaser, or on an external counsel-only basis, or as may be agreed by the Parties in writing. Purchaser shall not participate, or permit its Affiliates to participate, in any substantive meeting or discussion, either in person or by telephone with any

Governmental Authority in connection with the consummation of the transactions contemplated by this Agreement unless it consults with the LP Entities in advance (or if prior consultation is impracticable, it notifies the LP Entities of the fact and substance of such meeting or discussion as soon as possible thereafter) and, to the extent not prohibited by such Governmental Authority, gives the LP Entities the opportunity to attend and participate. The LP Entities shall fully cooperate and communicate with Purchaser in respect of all dealings with the Commissioner, including the filing of notices required under the *Competition Act* (Canada) and the satisfaction of requests from the Commissioner for additional information respecting the transactions contemplated by this Agreement.

(3) Purchaser and the LP Entities shall take commercially reasonable steps in order to avoid the filing of an application for, or the issuance of any interim Order or other Order which would have the effect of delaying or preventing the Acquisition, and if any such interim Order or other Order is issued, Purchaser and the LP Entities shall take commercially reasonable steps to have it rescinded, revoked or set aside as soon as possible.

(4) Purchaser will promptly notify the LP Entities and the LP Entities will promptly notify Purchaser upon:

- (a) becoming aware of any Order or any complaint requesting an Order restraining or enjoining the execution of this Agreement or the consummation of the transactions contemplated under this Agreement; or
- (b) receiving any notice from any Governmental Authority of its intention:
 - (i) to institute a suit or proceeding to restrain or enjoin the execution of this Agreement or the consummation of the transactions contemplated by this Agreement; or
 - (ii) to nullify or render ineffective this Agreement or such transactions if consummated.

(5) Purchaser shall pay all filings fees, if any, required in connection with obtaining the Competition Act Approval.

Section 9.3 Non-Assignable Assets

(1) If any of the Acquired Assets shall not be assignable, or shall only be assignable with the Consent of a third party ("**Third Party Approval**"), the LP Entities shall, during the Interim Period, use commercially reasonable efforts, in co-operation with Purchaser, to secure any Third Party Approval required in connection with the assignment of such Acquired Asset prior to the Acquisition Date. Upon request by Purchaser, during the Interim Period the LP Entities shall use commercially reasonable efforts to obtain an Order from the CCAA Court, in form and substance satisfactory to Purchaser, acting reasonably to permit the assignment of any Acquired Assets, notwithstanding the absence of any required Third Party Approval.

(2) Where such Acquired Asset is not assignable or any Third Party Approval in respect of such Acquired Asset has not been obtained prior to the Acquisition Date, in accordance with the terms of the Sanction and Vesting Orders and any other Order granted by the Court, on the

Acquisition Date the LP Entities shall assign the relevant Acquired Asset to Purchaser without the Third Party Approval notwithstanding any restriction or prohibition on assignment in respect of such Acquired Asset.

Section 9.4 Access

(1) The LP Entities and the National Post shall provide Purchaser, its auditors, consultants, counsel and other representatives (a) such information about the Business and the business of National Post as Purchaser may reasonably require from time to time and (b) reasonable access to the LP Entities and National Post's premises, properties, corporate, financial and other books and records, all policies of insurance, contracts, leases, deeds, property and other assets within the possession or control of the LP Entities or National Post, wherever they may be located, which right of access shall include the right to inspect and appraise such property and assets and to enable Purchaser, its auditors, consultants, counsel and other representatives to continue to investigate the affairs of the Business and the business of National Post on an ongoing basis. No such investigation shall prejudice the rights of Purchaser under this Agreement. For the avoidance of doubt, confidential competitively-sensitive information of one Party may be shared with another Party only for purposes of preparing filings and related materials to secure Regulatory Approvals and subject to approval of external counsel.

(2) Purchaser shall preserve and keep all Books and Records and all information relating to the accounting, business, and financial affairs that relate to the Business and the business of National Post for a period of five years after the Acquisition Date (or such longer period as Purchaser and the LP Entities may agree) (the "**Retention Period**"). During the Retention Period, Purchaser shall provide the LP Entities and the Monitor with reasonable access to any information in its possession or control relating to the Business and the business of National Post as the LP Entities or the Monitor may reasonably require to meet legal, regulatory, accounting and auditing requirements. If requested by the Monitor, acting reasonably, employees of Purchaser shall assist the Monitor in the performance of its duties and obligations, including the duties and obligations of the LP Entities under this Agreement and the preparation and service of notices to creditors and preparation of the LP Entities' tax returns. During the Retention Period, if reasonably requested by any trustee in bankruptcy appointed in respect of the estates of the LP Entities, Purchaser agrees to (i) provide such trustee in bankruptcy with reasonable access to any information in its possession or control relating to the Business and the business of National Post, and (ii) direct any requested Transferred Employees to assist the trustee in bankruptcy in the performance of its duties and obligations including the preparation and service of notices to creditors.

Section 9.5 Personal Information Privacy

Purchaser shall at all times comply with all Applicable Law governing the protection of personal information, with respect to Personal Information disclosed or otherwise provided to Purchaser by the LP Entities or National Post under this Agreement. Purchaser shall only use or disclose such Personal Information for the purposes of reasonably investigating the affairs of the Business and the business of National Post as contemplated in Section 9.4 and completing the Acquisition or, in the case of Employees, offering employment to Employees in accordance with this Agreement. Purchaser shall safeguard all Personal Information collected from the LP Entities or National Post in a manner consistent with the degree of sensitivity of the Personal Information and, furthermore, maintain at all times the security and integrity of the Personal

Information. Purchaser shall not make any copies of the Personal Information or any excerpts thereof or in any way re-create the substance or contents of the Personal Information if the Acquisition is not completed for any reason, and shall return all Personal Information to the LP Entities or National Post, or destroy such Personal Information at the LP Entities' request.

Section 9.6 Confidentiality

(1) Prior to the Acquisition Date, Purchaser and Holdco shall keep confidential all information disclosed to it by the LP Entities or their agents relating to the LP Entities, National Post, the Business or the business of the National Post (including any information disclosed by or on behalf of the LP Entities to any equityholder of Purchaser or Holdco that is disclosed to Purchaser or Holdco) ("**Confidential Information**"), except information which:

- (a) appears in issued patents or publications;
- (b) is known or becomes generally known to the relevant public through disclosure which, to the knowledge and belief of Purchaser and Holdco, does not violate any obligation of confidentiality at law or in contract; or
- (c) Purchaser or Holdco can establish is independently generated by them without use of Confidential Information.

Such Confidential Information is confidential and proprietary to the LP Entities and Purchaser and Holdco shall only disclose such information to those of its employees and representatives of its advisors and the Equity Sponsors and the Lenders (provided such Equity Sponsors and Lenders have entered into confidentiality agreements with the LP Entities) who need to know such information for the purposes of evaluating and implementing the transaction contemplated in this Agreement. If this Agreement is terminated without completion of the transactions contemplated by this Agreement, Purchaser and Holdco shall promptly return or destroy all documents, work papers and other written material (including all copies) obtained from the LP Entities in connection with this Agreement, and not previously made public and shall continue to maintain the confidence of all such information. Notwithstanding the foregoing, electronic information may be retained by Purchaser and Holdco in back up servers if it is not intentionally made available to any person, and is deleted in accordance with Purchaser's and Holdco's normal policies with respect to the retention of electronic records, provided that all Confidential Information that is so retained shall remain subject to the confidentiality provisions of this Agreement for so long as such Confidential Information is retained.

Section 9.7 Administrative Reserve

The Monitor shall establish the Administrative Reserve on the Acquisition Date in accordance with the Administrative Reserve Order, which order shall be in form and substance satisfactory to Purchaser and the LP Entities, acting reasonably. From time to time after the Acquisition Date, the Monitor may (i) pay from the Administrative Reserve the Administrative Reserve Costs, and (ii) reduce the amount of the Administrative Reserve as and to the extent it is no longer required to satisfy the Administrative Reserve Costs by distributing to Purchaser the amount of such reductions, in each case in accordance with the Administrative Reserve Order. Any residual balance in the Administrative Reserve after the payment of all Administrative Reserve Costs shall be an asset of and owned by Purchaser.

Section 9.8 Approval of CCAA Plan and CCAA Court Orders

(1) As promptly as possible after the date hereof, the LP Entities shall, in consultation with Purchaser, prepare, serve, file with the CCAA Court and diligently pursue a motion and a proposed Order, in form and substance acceptable to Purchaser, acting reasonably, seeking, among other things:

- (a) approval and confirmation of the execution, delivery and performance of this Agreement by the LP Entities;
- (b) requiring the LP Entities to promptly call and hold a meeting of the unsecured creditors of the LP Entities affected by the CCAA Plan for the purpose of considering and approving the CCAA Plan;
- (c) confirming that the only Persons to whom notice is to be provided in respect of the meeting to consider the approval of the CCAA Plan are those holding unsecured claims against the LP Entities, as determined pursuant to the Claims Procedure Order, and the manner in which such notice is to be provided;
- (d) confirming that the requisite approval in respect of the CCAA Plan shall be 66⅔% in value, and a majority in number, of those holders of such unsecured claims present in person or properly represented at the meeting; and
- (e) providing for the notice requirements with respect to the presentation of the motion to the CCAA Court for the Sanction and Vesting Orders.

The Purchaser and the LP Entities shall agree to any amendments or variations to the form of such motion or Order as may be required to implement the procedure set forth in the Stikeman Letter. Any other amendment or variation to the form of such motion or Order shall be subject to the prior approval of Purchaser, acting reasonably. The LP Entities shall use their commercially reasonable efforts to cause the CCAA Court to (i) schedule and hear such motion within seven days of filing the motion, and (ii) enter the issued Order forthwith after its issuance.

(2) As promptly as possible after the date hereof, the LP Entities shall prepare a circular, together with any other documents required by the CCAA Court in connection with the calling and holding of the meeting of unsecured creditors of the LP Entities to consider and approve the CCAA Plan, each in form and substance satisfactory to Purchaser and the LP Entities, acting reasonably, and in accordance with Applicable Law and the terms of the Order referred to in Section 9.8(1). During the course of the preparation of such documents, the LP Entities shall provide Purchaser and its counsel a reasonable opportunity to review and comment on such documents, and in the event of a disagreement between Purchaser and the LP Entities regarding the content of such documents, such disagreement shall be resolved by the CCAA Court. As soon as practicable after the issuance of the Order referred to in Section 9.8(1), the LP Entities shall cause such circular, together with all other required documents, to be sent to the unsecured creditors of the LP Entities and any other Persons as may be required by the CCAA Court or under Applicable Law, and the LP Entities shall call and hold the meeting of their unsecured creditors for the purposes of considering and approving the CCAA Plan in accordance with Applicable Law and the terms of the Order referred to in Section 9.8(1). The LP Entities shall not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) the meeting, except

with Purchaser's prior written consent or as required by the CCAA Court or for quorum purposes. The LP Entities shall provide reasonable advance notice to Purchaser of the meeting and allow Purchaser and its representatives to attend and be present at the meeting.

(3) As promptly as possible following the approval of the CCAA Plan by the affected creditors of the LP Entities, the LP Entities shall file with the CCAA Court a motion, in form and substance acceptable to Purchaser, seeking issuance of the Sanction and Vesting Orders. Any amendment or variation to such motion or to the form of Sanction and Vesting Orders shall be subject to the prior written approval of Purchaser, acting reasonably.

(4) The LP Entities and Purchaser shall cooperate with filing and prosecuting the motions and Orders contemplated in this Section 9.8, and obtaining entry of such Orders, and the LP Entities shall deliver to Purchaser prior to filing, and as early in advance as is practicable to permit adequate and reasonable time for Purchaser and its counsel to review and comment, copies of all proposed pleadings, motions, notices, statements, schedules, applications, reports and other material papers to be filed by the LP Entities in connection with such motions and Orders.

(5) If the Sanction and Vesting Orders or any other Order of the CCAA Court relating to the transactions contemplated by this Agreement shall be appealed or otherwise challenged by any Person, the LP Entities shall take all commercially reasonable steps, and use their commercially reasonable efforts, to defend against such appeal or challenge, provided however that, subject to Section 10.2, nothing in this Section 9.8(5) shall preclude the LP Entities from consummating, or permit the LP Entities not to consummate, the transactions contemplated by this Agreement.

(6) Prior to the Acquisition Date, the LP Entities shall, at the request of Purchaser, promptly request and diligently pursue such further Order or Orders from the CCAA Court as Purchaser, acting reasonably, determines to be required in order to give full effect to the transactions contemplated by this Agreement and the transactions contemplated hereby, including any further Orders regarding the transfer and vesting of the Acquired Assets to Purchaser free and clear of all Claims and Encumbrances (other than Permitted Encumbrances). The terms of such requested Orders shall be satisfactory to Purchaser and the LP Entities, each acting reasonably. Promptly upon such request by Purchaser, the LP Entities and Purchaser shall cooperate with each other, as necessary or as may be reasonably requested, in order to obtain such further Order or Orders.

(7) The Purchaser and the LP Entities agree to the procedure set forth in the Stikeman Letter that would allow the purchase and sale transaction contemplated hereunder to be approved by the CCAA Court and proceed to closing while at the same time preserving the ability to close the Credit Acquisition, all as more particularly set forth in the Stikeman Letter. The Purchaser and the LP Entities agree to negotiate reasonably and in good faith to reach agreement with Agent for the Senior Lenders on a protocol with respect to the allocation of management and company counsel time dedicated to the purchase and sale transaction contemplated hereunder and the Credit Acquisition, provided that priority will be given to the purchase and sale transaction hereunder where conflicts or time limitations arise.

Section 9.9 Distribution

Purchaser acknowledges and agrees that it will not object to any distribution by the LP Entities pursuant to the CCAA Plan of all or any part of the Purchase Price to such Person as the CCAA Court may determine is lawfully entitled thereto, following closing of the Acquisition. The LP Entities shall distribute the Purchase Price following the closing of the Acquisition or shortly thereafter, in accordance with this Agreement, the CCAA Plan and the Sanction and Vesting Orders, and Purchaser agrees that, unless such distribution is not made in accordance with the terms of this Agreement, the CCAA Plan or the Sanction and Vesting Orders, it shall:

- (1) not have any claim against or in respect of any such distribution (including the Senior Lender Distribution and the DIP Lender Distribution) with respect to this Agreement or the Acquisition, including, without limitation, in respect of any obligation or liability of any of the LP Entities: (i) with respect to any representation, warranty, covenant or condition contained herein; or (ii) with respect to the Acquisition after the closing of the Acquisition;
- (2) have no claims against the Monitor, the LP Entities, the Administrative Agent, the DIP Administrative Agent, the Senior Lenders or the lenders under the DIP Credit Agreement in respect of any such distribution (including the Senior Lender Distribution and the DIP Lender Distribution) and shall have no right to trace or otherwise recover any portion of any such distribution from the LP Entities, the Monitor, the Administrative Agent, the Senior Lenders or the lenders under the DIP Credit Agreement; and
- (3) not, at any hearing held for the purpose of obtaining CCAA Court approval of any distribution of all or part of the Purchase Price (including the Senior Lender Distribution and the DIP Lender Distribution), object to such approval or such distribution.

Section 9.10 Cooperation and Assistance by the LP Entities

(1) During the Interim Period, the LP Entities shall, and shall use their commercially reasonable efforts to cause their representatives, management personnel, other employees, legal counsel, outside accountants and other advisors to, promptly provide such assistance and cooperation as Purchaser and Holdco or their advisors may reasonably request in respect of the transactions contemplated by this Agreement and the consummation of the financings contemplated by Purchaser and Holdco to fund the Purchase Price, and all other ancillary matters relating hereto and thereto, including:

- (a) assisting and cooperating with Purchaser and Holdco and their advisors in requesting and obtaining all Consents, and transferring or renewing Licenses that are subject to transfer or other restrictions on assignment, and such other consents, approvals or authorizations which may be reasonably necessary or desirable;
- (b) assisting and cooperating in the preparation and filing by Holdco of a non-offering prospectus in respect of the Common Shares which Holdco intends to file with the applicable securities regulatory authorities after the Acquisition Date and the listing of such shares on the Toronto Stock Exchange, including assistance with the preparation of all requisite financial information;

- (c) assisting and cooperating in connection with the closing of the transactions contemplated by this Agreement and the implementation and administration of the CCAA Plan;
- (d) assisting and cooperating with Purchaser and its advisors in seeking and obtaining insurance in respect of the Business;
- (e) assisting and cooperating with Purchaser in the preparation and negotiation of definitive documentation in respect of offers of employment for Employees proposed to be retained by Purchaser following the Acquisition Date;
- (f) preparing and furnishing to Purchaser and Holdco and their advisors, lenders and investors such financial and other pertinent information regarding the LP Entities, the Business and National Post as may be required under the financing commitments referred to in Section 8.6 or as otherwise reasonably requested by Purchaser or Holdco, including all financial statements and financial data (x) required to consummate the debt financing contemplated by the Debt Commitment Letter, as if such offering were registered under the *U.S. Securities Act of 1933*, as amended (the “**Securities Act**”), and of the type and form customarily included in private placements under Rule 144A of the Securities Act, the financial data required by Regulation S-X under the Securities Act and as necessary in order to consummate the debt financings pursuant to the Debt Commitment Letter at the time during LP Entities’ fiscal year in which such debt financing will be made, (y) required to prepare the bank books and bank syndication materials contemplated by the Debt Commitment Letter and (z) related to the LP Entities and National Post reasonably required by Purchaser for Purchaser to produce the pro forma financial statements required to be delivered pursuant to the Debt Commitment Letter and that would be required to be included in a registration statement filed with the SEC assuming the debt financing was a SEC registered debt offering (all such information in this clause (f), the “**Required Information**”);
- (g) assisting Purchaser and Holdco and their lenders and investors in the preparation of offering materials (including offering memoranda, bank books, road show materials and bank syndication materials) and materials for rating agency presentations and meetings for such purposes;
- (h) cooperating with the marketing and syndication efforts of Purchaser and Holdco and their advisors, lenders and investors in connection with such financings (including, if requested by Purchaser or Holdco, participating in “road shows”, management presentations, due diligence sessions, drafting sessions and rating agency meetings, and sessions with prospective lenders and investors);
- (i) providing authorization letters to the financing sources authorizing the distribution of information to prospective lenders and containing customary representations;
- (j) using commercially reasonable efforts to obtain customary accountants’ comfort letters (including no later than the end of the Marketing Period, drafts of

customary comfort letters which such accountants are prepared to issue upon completion of customary procedures, and consents to use of their reports in any materials related to the debt financing, pursuant to the Debt Commitment Letter), legal opinions, appraisals, surveys, certificates of location and plans, title insurance or title opinions from a firm carrying acceptable insurance coverage and other agreements, documentation and items relating to such financings and any security related thereto as may be reasonably requested by Purchaser or its lenders and investors; and

- (k) using commercially reasonable efforts to take all actions reasonably requested by Purchaser to permit Purchaser's advisors, lenders and investors to complete their evaluation of the Business and National Post.

Section 9.11 Restrictions on Amendments

Except as contemplated by the Omnibus Transition and Reorganization Agreement, during the Interim Period, the LP Entities shall not amend, supplement, modify, terminate or otherwise agree or consent to any changes, amendments or modifications to any of the Material Contracts, Licenses, Personal Property Leases, Real Property Leases, LP Benefit Plans, National Post Benefit Plans or Multi-Employer Plans, or to the CCAA Plan or the SISP Procedures, except with the prior written consent of Purchaser, acting reasonably.

Section 9.12 Disentanglement from CMI Entities

(1) During the Interim Period the LP Entities shall and thereafter, for as long as may be necessary, the Purchaser shall use commercially reasonable efforts to take all such actions as may be necessary or advisable to complete, to the extent possible, the disentanglement of the operations of the LP Entities from the operations of the CMI Entities, by no later than the Acquisition Time, as contemplated in the Shared Services Agreement and the Omnibus Transition and Reorganization Agreement, with a view to the LP Entities being capable of operating on a stand-alone basis from and after such time. In particular but without limiting the generality of the foregoing, the LP Entities shall take all such actions as may be necessary to complete the following by no later than the Acquisition Time or as contemplated in the Shared Services Agreement and the Omnibus Transition and Reorganization Agreement:

- (a) assignments to CMI of assignable "orphan" trademarks owned by the LP Entities but used by the CMI Entities;
- (b) transfer the Misaligned CMI Employees, and all other Employees (other than Employees to whom Purchaser does not make an offer on the Acquisition Date as permitted by Section 5.1) who participate in pension or benefit plans provided by any of the CMI Entities, from their existing CMI Entity pension or benefit plan to an appropriate LP Benefit Plan, provided that the transfers relating to the LP Pension Plans shall not be done without the prior written consent of Purchaser;
- (c) transfer any employees of the CMI Entities (who are not employees or former employees of the LP Entities) who participate in pension or benefit plans provided by any of the LP Entities, from their existing LP Benefit Plan to an appropriate CMI pension or benefit plan, provided that, except as contemplated by the Shared

Services Agreement or the Omnibus Transition and Reorganization Agreement, the transfers relating to the LP Pension Plans shall not be done without prior written consent of Purchaser.

- (d) transfer all Contracts, Real Property Leases and Personal Property Leases that are currently used in the Business or in the business of National Post but entered into on behalf of the LP Entities or National Post by a CMI Entity, into the name of one or more of the LP Entities or National Post, as applicable, but for the avoidance of doubt such Real Property Leases do not include real property leases or licences in respect of premises also used by a CMI Entity where such CMI Entity sublets or licenses space to an LP Entity or National Post;
- (e) with respect to Contracts for the provision by third parties of goods and services to both LP Entities and CMI Entities, referred to as “Master Shared Contracts”, continue to use commercially reasonable efforts to amend or otherwise deal with such contracts so as to ensure that the LP entities continue after the Acquisition Date to enjoy the benefit of such Contracts, to the extent desirable, on commercially reasonable terms, whether by way of re-negotiating, transferring, continuing or terminating such contracts, and to obtain all necessary approvals in respect thereof, provided that no amendments, transfers or terminations of any Master Shared Contracts shall be made without the prior written consent of Purchaser to the extent that such Master Shared Contracts are Material Contracts, except as contemplated by the Shared Services Agreement or the Omnibus Transition and Reorganization Agreement;
- (f) ensure that all the Shared Services (as defined in the Shared Services Agreement) scheduled to be terminated pursuant to the Shared Services Agreement and the Omnibus Transition and Reorganization Agreement are terminated within the time frames set out in such agreements; and
- (g) ensure that all other transitional matters contemplated in the Shared Services Agreement and the Omnibus Transition and Reorganization Agreement are completed within the time frames set out in such agreements.

Section 9.13 Common Shares

Prior to the Acquisition Date, Holdco will amend its articles of incorporation to provide that its authorized capital will consist of two classes of common shares: Class C voting common shares and Class NC limited voting shares, with share provisions substantially in the form attached as Schedule 9.13.

Section 9.14 Purchaser and Holdco Financing

(1) Without limiting the generality of Section 9.2, Purchaser and Holdco will use their and will cause the Equity Sponsors to use their commercially reasonable efforts to consummate the financing contemplated by the Debt Commitment Letter and Equity Commitment Letter no later than the Acquisition Date.

(2) Purchaser and Holdco will use commercially reasonable efforts to satisfy, on a timely basis, all covenants, terms, representations and warranties within their control applicable to Purchaser or Holdco in the Debt Commitment Letter and Equity Commitment Letters and accommodate the financing provided for under the Debt Commitment Letter and Equity Commitment Letters.

(3) Purchaser and Holdco will use commercially reasonable efforts to negotiate and enter into definitive credit or loan or other agreements and all other documentation with respect to the financings contemplated in this Section 9.14 as may be necessary for Purchaser and Holdco to obtain such funds, on the basis described in this Section 9.14 and otherwise on terms and conditions no less favourable than those contained in the Debt Commitment Letter and the Equity Commitment Letters, and otherwise on terms and conditions which do not materially impair the ability of Purchaser or Holdco to perform their obligations hereunder or to effect the Acquisition, as soon as reasonably practicable but in any event prior to August 15, 2010. Purchaser and Holdco will deliver to the LP Entities correct and complete copies of such executed definitive agreements and documentation promptly when available and drafts thereof from time to time upon request by the LP Entities.

(4) Purchaser and Holdco will keep the LP Entities informed with respect to all material activity concerning the status of the financings referred to in this Section 9.14 and will give the LP Entities prompt notice of any material change with respect to any such financings. Without limiting the generality of the foregoing, Purchaser and Holdco agree to notify the LP Entities promptly if at any time prior to the Acquisition Date: (a) the Debt Commitment Letter or any Equity Commitment Letter referred to in this Section 9.14 will expire or be terminated for any reason; (b)(i) any event occurs that, with or without notice, lapse of time or both, would individually or in the aggregate, constitute a default or breach on the part of Purchaser or Holdco under any material term or condition of the Debt Commitment Letter or Equity Commitment Letter or definitive agreement or documentation referred to in this Section 9.14; or (ii) if Purchaser or Holdco has any reason to believe that it will be unable to satisfy, on a timely basis, any term or condition of any funding referred to in this Section 9.14 to be satisfied by it, that in case of either (i) or (ii) would reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement; or (c) any financing source that is a party to the Debt Commitment Letter or Equity Commitment Letter (i) advises Purchaser or Holdco in writing that such source either no longer intends to provide or underwrite any financing referred to in this Section 9.14 on the terms set forth in the Debt Commitment Letter or Equity Commitment Letter, as applicable; or (ii) requests amendments or waivers to the Equity Commitment Letter or the Debt Commitment Letter, as applicable, as a result of which it would reasonably be expected that the transactions contemplated by this Agreement would be materially impaired, delayed or prevented.

(5) Other than in connection with and as contemplated in this Agreement, none of Purchaser, Holdco or any Equity Sponsor will, without the prior written consent of the LP Entities, take any action or enter into any transaction, including any merger, acquisition, joint venture, disposition, lease, contract or debt or equity financing, that would reasonably be expected to materially impair, delay or prevent Purchaser or Holdco obtaining any of the financings contemplated by this Section 9.14.

(6) Purchaser and Holdco will not amend or alter, or agree to amend or alter, the Debt Commitment Letter or Equity Commitment Letters or any definitive agreement or

documentation referred to in this Section 9.14 in any manner that would reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement, in each case without the prior written consent of the LP Entities.

(7) If the Debt Commitment Letter or Equity Commitment Letter is terminated or modified in a manner materially adverse to Purchaser's or Holdco's ability to complete the transactions contemplated by this Agreement for any reason, Purchaser and Holdco will use commercially reasonable efforts to:

- (a) obtain, as promptly as practicable, and, once obtained, provide the LP Entities with a copy of, a new financing commitment that provides for at least the same amount of financing as contemplated by the Debt Commitment Letter and/or the Equity Commitment Letter, as the case may be, on a basis that is not subject to any condition precedent materially less favourable from the perspective of the LP Entities than the conditions precedent contained in the Debt Commitment Letter, or the Equity Commitment Letter, as the case may be, and otherwise on terms and conditions not materially less favourable from the perspective of the LP Entities;
- (b) negotiate and enter into definitive credit, loan or other agreements and all required documentation with such third parties as may be necessary for the Purchaser to obtain such funds (to the extent reasonably practicable, on terms and conditions not materially less favourable than the Debt Commitment Letter or the Equity Commitment Letter, as the case may be, being replaced) and on the basis described in this Section 9.14 and on terms and conditions consistent with such new financing commitment, as soon as reasonably practicable but in any event prior to August 15, 2010, and deliver to the LP Entities correct and complete copies of such executed definitive agreements and documentation promptly upon request by the LP Entities;
- (c) satisfy, on a timely basis, all covenants, terms, representations and warranties applicable to Purchaser or Holdco in respect of such new financing commitments and all other required agreements and documentation referred to in this Section 9.14(7) and enforce its rights under such new financing commitments and agreements and documentation; and
- (d) obtain funds under such financing commitments to the extent necessary to consummate the transactions contemplated by this Agreement.

For the avoidance of doubt, nothing in this Section 9.14 shall impose any restriction on or require any action by any of the Lenders.

Section 9.15 Insured Litigation

Purchaser agrees to assume the defence and responsibility for the conduct of the Insured Litigation, including the payment of the Insured Litigation Deductibles with respect thereto and responsibility for the day-to-day case management of the Insured Litigation. Such case management responsibilities are to include, without limitation, providing instructions to counsel, making employees available for examinations for discovery, providing documents, and providing witnesses at trial. Purchaser shall pay all Insured Litigation Deductibles in the same manner and

to the same extent that the LP Entities would otherwise have been required to pay such deductibles in respect of the Insured Litigation. For greater certainty, Purchaser does not assume liability of the LP Entities with respect to the Insured Litigation beyond payment of any Insured Litigation Deductibles assumed in accordance with this Section 9.15 and distribution of any insurance proceeds received by Purchaser, and Purchaser is not responsible for any amounts payable by the LP Entities with respect to such litigation, except to the extent insurance proceeds are available.

ARTICLE 10 – CONDITIONS

Section 10.1 Purchaser's Conditions

The obligations of Purchaser under this Agreement are subject to the conditions set out in this Section 10.1, which are for the exclusive benefit of Purchaser and all or any of which may be waived, in whole or in part, by Purchaser in its sole discretion by notice given to the LP Entities. The LP Entities shall take all actions, steps and proceedings as are reasonably within their control to cause each of the conditions to be fulfilled or performed at or before the Acquisition Time.

- (1) **Truth of Representation and Warranties.** All representations and warranties of the LP Entities contained in this Agreement shall have been true in all material respects (except for representations and warranties that contain a materiality qualification which shall be true in all respects) as of the date of this Agreement and shall be true in all material respects (except for representations and warranties that contain a materiality qualification which shall be true in all respects) as of the Acquisition Date with the same effect as though made on and as of that date (except to the extent that any representation or warranty is affected by the transactions expressly contemplated by this Agreement, and consented to in writing by Purchaser) and the LP Entities shall have delivered to Purchaser a certificate addressed to Purchaser to the foregoing effect dated as of the Acquisition Date.
- (2) **The LP Entities' Obligations.** Each of the LP Entities shall have performed each of its respective obligations under this Agreement in all material respects to the extent required to be performed on or before the Acquisition Date, and Purchaser shall have received a certificate from the LP Entities confirming such performance.
- (3) **Receipt of Closing Documentation.** Purchaser shall have received copies of all such documentation or other evidence as it may reasonably request in order to effect the consummation of the transactions contemplated by this Agreement and the taking of all corporate proceedings required in respect of the LP Entities or National Post in connection with such transactions.
- (4) **Adverse Proceedings.** There shall be outstanding no Order or decree restraining or enjoining the Acquisition or the other transactions contemplated by this Agreement.
- (5) **Material Adverse Effect.** No Material Adverse Effect shall have occurred since the date hereof.
- (6) **Regulatory Approvals.** All Regulatory Approvals listed in Schedule 10.1(6) shall have been received and shall be absolute or on terms reasonably acceptable to Purchaser.

(7) **Sanction and Vesting Orders.** (i) The Sanction and Vesting Orders shall have been issued by the CCAA Court and (ii) shall not have been stayed, vacated, reversed or appealed as of the Acquisition Date, and each of the Sanction and Vesting Orders shall have become a Final Order, and no Order in the CCAA Case shall have been issued, stayed, varied, challenged, appealed or reversed in whole or in part on terms which the Purchaser considers unacceptable.

(8) **CCAA Plan.** All of the conditions and requirements for the approval and implementation of the CCAA Plan shall have been met, other than the completion of the transactions contemplated by this Agreement.

(9) **Resignations.** All of the directors of National Post shall have resigned effective as at the Acquisition Time.

(10) **Senior Secured Claims Amount.** The Senior Secured Claims Amount as at the Acquisition Date shall not be in excess of \$928,800,000.

Section 10.2 The LP Entities' Conditions

The obligations of the LP Entities under this Agreement are subject to the conditions set out in this Section 10.2 which are for the exclusive benefit of the LP Entities and all or any of which may be waived by the LP Entities in their sole discretion, by Notice given to Purchaser. Purchaser shall take all actions, steps and proceedings as are reasonably within its control to cause each of such conditions to be performed at or before the Acquisition Time.

(1) **Confirmation of Representation and Warranties.** All representations and warranties of Purchaser and Holdco contained in this Agreement shall be true in all material respects as of the Acquisition Date with the same effect as though made on and as of that date (except to the extent that any representation or warranty is affected by the transactions expressly contemplated by this Agreement, and consented to in writing by the LP Entities), and Purchaser and Holdco shall have delivered to the LP Entities a certificate addressed to the LP Entities to the foregoing effect dated the Acquisition Date.

(2) **Purchaser's and Holdco's Obligations.** Each of Purchaser and Holdco shall have performed each of its obligations under this Agreement in all material respects to the extent required to be performed on or before the Acquisition Date, and the LP Entities shall have received a certificate from Purchaser and Holdco confirming such performance.

(3) **Receipt of Closing Documentation.** The LP Entities shall have received copies of all such documentation or other evidence as they may reasonably request in order to effect the consummation of the transactions contemplated by this Agreement and the taking of all corporate proceedings in connection with such transactions in compliance with these conditions, including the delivery of releases in favour of the officers, directors and advisors of the LP Entities, the Monitor and its advisors, the LP Entities' Chief Restructuring Advisor and its advisors and the members of the Special Committee and its advisors.

(4) **Conditions under CCAA Plan.** All of the conditions and requirements for the approval and implementation of the CCAA Plan shall have been met, other than the completion of the transactions contemplated by this Agreement.

- (5) **Sanction and Vesting Orders.** (i) the Sanction and Vesting Orders shall have been issued by the CCAA Court and (ii) shall not have been stayed, vacated, reversed or appealed as of the Acquisition Date, and each of the Sanction and Vesting Orders shall have become a Final Order.
- (6) **Adverse Proceedings.** There shall be outstanding no Order or decree restraining or enjoining the Acquisition or the other transactions contemplated by this Agreement.
- (7) **Regulatory Approvals.** All Regulatory Approvals listed in Schedule 10.1(6) shall have been received and shall be absolute or on terms reasonably acceptable to the LP Entities, except where any failure to obtain such Regulatory Approval would not constitute a Material Adverse Effect.
- (8) **Prior Claims.** The Prior Ranking Secured Claims, the Government Priority Claims, the Pension Priority Claims and the Employee Priority Claims shall have been provided for in accordance with the CCAA Plan.
- (9) **Charges.** To the extent not paid or otherwise satisfied on or before the Acquisition Date (i) provision acceptable to the LP Entities for the payment or satisfaction of all amounts secured by charges created by the Initial Order shall have been made, in accordance with the Initial Order, by way of the Administrative Reserve; (ii) provision acceptable to the CCAA Court therefor shall have been made by way of the Administrative Reserve; or (iii) in the case of the directors' and officers' charge, Purchaser shall have assumed the obligation to pay or satisfy such amounts, on terms acceptable to the LP Entities and in accordance with the Initial Order.
- (10) **Administrative Reserve.** (i) the Administrative Reserve Order shall have been issued and (ii) shall not have been stayed, vacated, reversed or appealed as of the Acquisition Date and the Administrative Reserve Order shall have become a Final Order and the Administrative Reserve shall have been established in accordance with Section 9.7.

Section 10.3 Investment Canada Act

If the Heritage Minister makes a determination that Purchaser is not a Canadian controlled-entity within the meaning of the ICA, Purchaser shall have expeditiously completed and filed with the Investment Review Division of Industry Canada an application with respect to the review of the Acquisition and shall have obtained confirmation from the Minister of Industry (or such other minister as may be appointed under the ICA (the "**Minister**") under Sections 21, 22 or 23 of the ICA indicating that the Minister is, or is deemed to be, satisfied that the acquisition is likely to be of net benefit to Canada. The LP Entities shall provide such relevant information and documentation to assist with such notice or application as Purchaser may consider necessary or desirable to comply with the ICA.

ARTICLE 11 – SURVIVAL

Section 11.1 Survival

All provisions contained in this Agreement (other than under ARTICLE 2, ARTICLE 3, ARTICLE 4, ARTICLE 5, ARTICLE 6, Section 9.3, Section 9.4, Section 9.7, Section 9.9 this Section 11.1, ARTICLE 13 and ARTICLE 14) and in any other agreement, certificate or

instrument executed and delivered hereunder shall merge immediately after the Acquisition and not survive past the Acquisition Time.

ARTICLE 12 – COMPLETION

Section 12.1 Completion

The completion of the Acquisition shall take place at the offices of Davies Ward Phillips & Vineberg LLP, 1 First Canadian Place, Toronto, Ontario M5X 1B1, at the Acquisition Time.

Section 12.2 Designated Purchaser

Prior to the Acquisition Date, Purchaser shall be entitled to designate one or more Affiliates to (i) acquire specified Acquired Assets (including to act as nominee to hold legal title to any Acquired Assets); (ii) assume specified Assumed Liabilities; and/or (iii) employ specified Transferred Employees on or after the Acquisition Date (each a “**Designated Purchaser**”); provided each such Designated Purchaser agrees in writing to be bound jointly and severally with Purchaser by the terms of this Agreement.

ARTICLE 13 – TERMINATION

Section 13.1 Termination Rights

This Agreement may be terminated on or prior to the Acquisition Date by mutual written agreement of the Parties, and may be terminated on or prior to the Acquisition Date:

- (a) by Notice given by Purchaser to the LP Entities as permitted in Section 10.1 for failure of a condition to be satisfied if Purchaser has not waived such condition at or prior to the Acquisition Time;
- (b) by Notice given by the LP Entities to Purchaser as permitted by Section 10.2 for failure of a condition to be satisfied if the LP Entities have not waived such condition at or prior to the Acquisition Time;
- (c) upon delivery to the Administrative Agent, the LP Entities and Purchaser of the Monitor’s certificate which renders operative the conditional sanction order made in respect of the Credit Acquisition, all as more particularly set forth in the Stikeman Letter; or
- (d) by Notice given by either party if the Acquisition Date has not occurred prior to August 15, 2010.

Section 13.2 Effect of Termination

(1) Subject to Section 13.3, each Party’s right of termination under Section 13.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If a Party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-

observance or non-performance of any other condition, obligation or covenant in whole or in part.

(2) If this Agreement is terminated pursuant to Section 13.1, all obligations of the Parties under this Agreement will terminate, except that if this Agreement is terminated by a Party because of a breach of this Agreement by the other Party or because a condition for the benefit of the terminating Party has not been satisfied because the other Party has failed to perform any of its obligations or covenants under this Agreement, the terminating Party's right to pursue all legal remedies will, subject to Section 13.3, survive such termination unimpaired.

(3) Any termination of this Agreement by any party shall be without liability of any of the Lenders under the Debt Commitment Letter.

Section 13.3 Forfeiture of Deposit, Liquidated Damages

If the Acquisition is not completed as a result of a breach by the Purchaser of its obligations under this Agreement, the sole and exclusive remedy of the LP Entities shall be to retain the Deposit as contemplated by Section 2.5(2). Neither the LP Entities nor any other Person (including the Monitor, the Secured Lenders and any other creditors of the LP Entities) shall be entitled to exercise any other rights or remedies against the Purchaser or Holdco or their respective officers, directors, investors or lenders (including the Lenders) in the event of such breach or failure. The Parties agree that the right of the LP Entities to retain the Deposit in such circumstances is not a penalty but represents a genuine and reasonable pre-estimate of the damages that the LP Entities would suffer as a result of such breach or failure, and the forfeiture of the Deposit by the Purchaser shall constitute a full and final satisfaction and release of any and all damages, claims and rights (including any right to seek specific performance of this Agreement) of the LP Entities and any other Person (including the Monitor, the Secured Lenders and any other creditors of the LP Entities) arising in connection with such breach or failure.

ARTICLE 14 – MISCELLANEOUS

Section 14.1 Planning Act

This Agreement shall be effective to create an interest in the Real Property located in Ontario only if the subdivision control provisions of the *Planning Act* (Ontario) are complied with by the LP Entities.

Section 14.2 Further Assurances

Each Party shall from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to the provisions and intent of this Agreement and the procedures set forth in the Stikeman Letter and to complete the Acquisition, including cooperating to obtain such recognition orders of any Order issued in connection with the CCAA Case as may reasonably be required.

Section 14.3 Notice

Unless otherwise specified, each Notice to a Party must be given in writing and delivered personally or by courier, or transmitted by fax or email to the Party as follows:

If to the LP Entities on or before the Acquisition Date:

Name: c/o Canwest Limited Partnership
Address: 1450 Don Mills Road
Don Mills, Ontario
M3B 2X7
Attention: Doug Lamb
Fax No.: 416-442-2135
Email: dlamb@canwest.com

With a required copy (which shall not constitute notice) to:

Name: Osler, Hoskin & Harcourt LLP
Address: 100 King Street West
1 First Canadian Place
Suite 6100
Toronto, Ontario
M5X 1B8
Attention: Edward Sellers
Fax No.: 416-862-6666
Email: esellers@osler.com

And with a required copy (which shall not constitute notice) to:

Name: FTI Consulting Canada Inc.
Address: 79 Wellington Street West
Suite 2010
Toronto, Ontario
M4K 1G8
Attention: Paul Bishop
Fax No.: 416-649-8101
Email: Paul.Bishop@fticonsulting.com

And with a required copy (which shall not constitute notice) to:

Name: Stikeman Elliott LLP
Address: 5300 Commerce Court West
199 Bay Street
Toronto, Ontario
M5L 1B9

Attention: Daphne MacKenzie
Fax No.: 416-947-0866
Email: DMackenzie@stikeman.com

If to Purchaser or Holdco:

Name: CW Acquisition Limited Partnership
Address: c/o Davies Ward Phillips & Vineberg
1 First Canadian Place
Suite 4400
Toronto, Ontario
M5X 1B1

Attention: Jay A. Swartz and Cameron M. Rusaw
Fax No.: 416-863-0871
Email: jswartz@dwpv.com and crusaw@dwpv.com

With a required copy (which shall not constitute notice) to:

Name: Davies Ward Phillips & Vineberg LLP
Address: 1 First Canadian Place
Suite 4400
Toronto, Ontario
M5X 1B1

Attention: Jay A. Swartz and Cameron M. Rusaw
Fax No.: 416-863-0871
Email: jswartz@dwpv.com and crusaw@dwpv.com

or to any other address, fax number or Person that the party designates. Any Notice, if delivered personally or by courier, will be deemed to have been given when actually received, if transmitted by fax before 3:00 p.m. on a Business Day, will be deemed to have been given on that Business Day, and if transmitted by fax after 3:00 p.m. on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Section 14.4 Time

Time shall be of the essence in all respects of this Agreement.

Section 14.5 Governing Law

This Agreement and each document contemplated by or delivered under or in connection with this Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario, and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the courts of Ontario.

Section 14.6 Irrevocable Offer

The execution and delivery by Holdco and Purchaser of this Agreement shall constitute an irrevocable offer that shall be open for acceptance by the LP Entities until May 30, 2010. Upon the CCAA Court directing the LP Entities to execute and deliver this Agreement (the "Approval Order") and the LP Entities executing and delivering this Agreement, this Agreement shall be enforceable against the Parties in accordance with its terms and the LP Entities shall be deemed to have accepted such offer by Holdco and Purchaser. This Agreement shall not be binding upon the LP Entities until the Approval Order is granted by the CCAA Court and the LP Entities accept the offer by Holdco and Purchaser and execute and deliver this Agreement.

Section 14.7 Entire Agreement

This Agreement, the Stikeman Letter and the attached Schedules constitute the entire agreement between the Parties with respect to the subject matter and supersede all prior agreements, negotiations discussions, undertakings, representations, warranties and understandings, whether written or oral. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth herein and in the Stikeman Letter. The Parties are not relying on any other information, discussion or understanding in entering into this Agreement and completing the Acquisition.

Section 14.8 Amendment

No amendment, supplement, restatement or termination of any provision of this Agreement is binding unless it is in writing and signed by each Person that is a party to this Agreement at the time of the amendment, supplement, restatement or termination.

Section 14.9 Waiver

No waiver of any provision of this Agreement is binding unless it is in writing and signed by all the Parties to this Agreement entitled to grant the waiver. No failure to exercise, and no delay in exercising, any right or remedy, under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision.

Section 14.10 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Agreement; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

Section 14.11 Remedies Cumulative

The rights and remedies under this Agreement are cumulative and are, subject to Section 13.3, in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.

Section 14.12 Assignment and Enurement

Other than one or more assignments by Purchaser to one or more Designated Purchaser(s), which shall not require the consent of the LP Entities, no Party may assign this Agreement without the prior written consent of the other Parties, which consent may not be unreasonably withheld or delayed. This Agreement enures to the benefit of and binds the Parties and their respective successors and permitted assigns.

Section 14.13 No Third Party Rights

This Agreement is not intended and shall not be construed to create any rights in any Person other than the Parties and no Person shall any rights as a third party beneficiary hereunder (other than the limitations or liability of the lenders referred to in Article 13).

Section 14.14 Counterparts and Facsimile

This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by facsimile or electronic transmission and such transmissions shall constitute delivery of an executed copy of this Agreement to the receiving Party.

[Next page is signature page]

SIGNATURE PAGE 1 TO ASSET PURCHASE AGREEMENT

The Parties have executed this Agreement.

7535538 CANADA INC.

By: T. S. Lodge
Name: T. S. Lodge
Title: President

CW ACQUISITION LIMITED
PARTNERSHIP, by its general partner,
7536321 CANADA INC.

By: T. S. Lodge
Name: T. S. Lodge
Title: President

CANWEST BOOKS INC.

By: _____
Name:
Title:

CANWEST (CANADA) INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

CANWEST PUBLISHING INC. /
PUBLICATIONS CANWEST INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SIGNATURE PAGE 1 TO ASSET PURCHASE AGREEMENT

The Parties have executed this Agreement.


7535538 CANADA INC.

By: _____
Name:
Title:

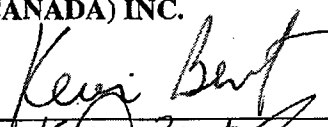
**CW ACQUISITION LIMITED
PARTNERSHIP, by its general partner,
7536321 CANADA INC.**

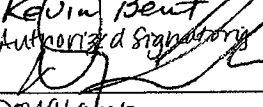
By: _____
Name:
Title:

CANWEST BOOKS INC.

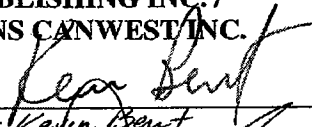
By: 
Name: Doug Lamb
Title: Authorized signatory

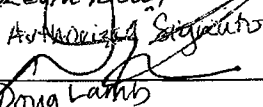
CANWEST (CANADA) INC.

By: 
Name: Kevin Beut
Title: Authorized signatory

By: 
Name: Doug Lamb
Title: Authorized signatory

**CANWEST PUBLISHING INC. /
PUBLICATIONS CANWEST INC.**

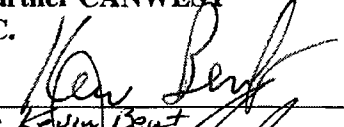
By: 
Name: Kevin Beut
Title: Authorized signatory

By: 
Name: Doug Lamb
Title: Authorized signatory

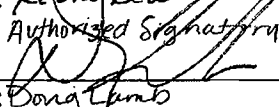
SIGNATURE PAGE 2 TO ASSET PURCHASE AGREEMENT

**CANWEST LIMITED PARTNERSHIP /
CANWEST SOCIÉTÉ EN COMMANDITE**
by its general partner CANWEST
(CANADA) INC.

By:


Name: Kevin Beut
Title: Authorized Signatory

By:


Name: Doug Lamb
Title: Authorized Signatory

ASSET PURCHASE AGREEMENT