

**CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST  
INC., CANWEST BOOKS INC. AND CANWEST (CANADA) INC.**

**FOURTH REPORT OF FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS**

**March 12, 2010**

**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  
PUBLISHING INC./ PUBLICATIONS CANWEST  
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in its capacity as Monitor of the Applicants**

**March 12, 2010**

**INTRODUCTION**

1. By Order of this Court dated January 8, 2010 (the “**Initial Order**”), Canwest Publishing Inc. / Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. (“**CBI**”), and Canwest (Canada) Inc. (“**CCI**”, and together with CPI and CBI, the “**Applicants**”) obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”). The Initial Order also granted relief in respect of Canwest Limited Partnership / Canwest Societe en Commandite (the “**Limited Partnership**”, and together with the Applicants, the “**LP Entities**”) and appointed FTI Consulting Canada Inc. (“**FTI**”) as monitor (the “**Monitor**”) of the LP Entities. The proceedings commenced by the LP Entities under the CCAA will be referred to herein as the “**CCAA Proceedings**”.

## GENERAL BACKGROUND

2. Canwest Global Communications Corp. (“**Canwest**”) carries on business through a number of subsidiaries. Through its ownership of the LP Entities, Canwest is Canada’s largest publisher of English-language paid daily and non-daily newspapers and owns and operates substantial digital media and online businesses. Canwest also directly or indirectly owns, operates and/or holds substantial interests in free-to-air television stations, subscription-based specialty television channels, and websites in Canada.
3. Relief in the CCAA Proceedings was obtained by the Canwest entities which carry on, *inter alia*, newspaper and online publishing and digital media businesses. Not included in the CCAA Proceedings is National Post Inc. (“**NPI**”), a wholly-owned subsidiary of the LP Entities which acquired the business and certain assets that comprised the *National Post* newspaper from The National Post Company / La Publication National Post in October 2009.
4. The Canwest entities that own and operate Canwest’s free-to-air television broadcast business and certain subscription-based specialty television channels in Canada, including Canwest Media Inc. (collectively, the “**CMI Entities**”), applied for and obtained protection under the CCAA in a separate proceeding on October 6, 2009.
5. The Initial Order (a copy of which (without schedules) is attached hereto as **Appendix “A”**) provides for a stay of proceedings until February 5, 2010 (the “**Stay Period**”). By Order dated February 2, 2010 (the “**February 2 Order**”) (a copy of which is attached hereto as **Appendix “B”**), the Stay Period was extended until, and including, April 14, 2010.

6. Since the date of the Initial Order, the LP Entities have carried on their businesses in the ordinary course.
7. The basis of a plan of arrangement for the LP Entities under the CCAA is a pre-arranged support transaction pursuant to which (and subject to a successful Court-approved bid as a result of and in accordance with the terms of the SISP (as defined below)) an entity to be initially capitalized as described in the Acquireco Capitalization Term Sheet (as this term is defined in the Senior Lenders' Plan (as defined below)) ("**AcquireCo**") will acquire substantially all of the assets of the LP Entities, assume the liabilities of the LP Entities (other than certain specified liabilities and subject to AcquireCo's right to exclude certain additional liabilities) and offer employment to all or substantially all of the employees of the LP Entities on terms and conditions consistent with their current employment (the "**Support Transaction**").
8. The Support Transaction contemplates that the LP Entities' Financial Advisor will conduct a sale and investor solicitation process under the supervision of the Monitor (the "**SISP**") in an effort to attract an alternative offer to the one contained in the Support Transaction.
9. The Support Transaction is to be implemented pursuant to a plan of compromise or arrangement between the LP Senior Secured Lenders (as defined in the Pre-filing Report of the Proposed Monitor dated January 7, 2010 (the "**Pre-filing Report**")), the Limited Partnership, and CPI (the "**Senior Lenders' Plan**"). On January 27, 2010, an excess of the majority in number and two-thirds in value of the LP Senior Secured Lenders holding Accepted Senior Voting Claims present and voting at the Senior Lenders' Meeting (as

these terms are defined in the Initial Order) voted in favour to approve the Senior Lenders' Plan. Pursuant to the terms of the Senior Lenders' Plan, the LP Entities (or, if they do not, the LP Administrative Agent) shall apply for Court sanction of the Senior Lenders' Plan after the SISP is completed or terminated pursuant to its terms or Court Order.

10. Further background information regarding the LP Entities and the CCAA Proceedings is provided in, among other things, the Pre-filing Report and in the affidavit of Thomas Strike sworn January 7, 2010 (the "**Strike Affidavit**"), copies of which (together with other relevant materials, including a copy of the Initial Order) have been posted on the Monitor's website for the CCAA Proceedings at <http://cfcanada.fticonsulting.com/clp>.

#### **PURPOSE OF THIS REPORT**

11. The purpose of this fourth report of the Monitor (the "**Fourth Report**") is to provide an update and information with respect to:
  - i. results of Phase 1 of the SISP;
  - ii. Phase 2 of the SISP, including the need to implement a procedure for the submission, evaluation and adjudication of claims against the LP Entities as a result of Phase 1 of the SISP;
  - iii. resignations of (a) Dennis Skulsky as President, Chief Executive Officer and senior employee of CPI, and (b) the directors and officers of the LP Entities; and

- iv. status of the transition and/or termination of certain shared services arrangements between the LP Entities and the CMI Entities in accordance with the Shared Services Transition Agreement (as defined below) and certain proposed amendments thereto.

## TERMS OF REFERENCE

12. In preparing this report, FTI has relied upon unaudited financial information of the LP Entities, the LP Entities' books and records, certain financial information prepared by, and discussions with, the LP Entities' management. FTI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and accordingly expresses no opinion or other form of assurance on the information contained in this report.
13. Capitalised terms not defined in this report shall have the meanings assigned to them in the Pre-filing Report. Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

## RESULTS OF PHASE 1 OF THE SISP

14. In accordance with the Support Transaction and the terms of the Initial Order, the LP Entities were directed and authorized to proceed with the SISP on the terms set out in the Procedures for the Sale and Investor Solicitation Process (as subsequently amended by the February 2 Order, the "**SISP Procedures**").
15. On January 11, 2010, RBC Dominion Securities Inc., a member of RBC Capital Markets (the "**Financial Advisor**"), under the supervision of the Monitor, commenced Phase 1 of

the SISP, during which the Financial Advisor was to solicit expressions of interest from financial and strategic parties to acquire all or substantially all of the assets of the LP Entities and/or invest in the LP Entities.

16. Pursuant to the Initial Order, on January 12, 2010, the Monitor published a notice advertising the SISP and other relevant information with respect thereto in, *inter alia*, the *National Post* and the LP Entities issued a press release regarding same with Businesswire.
17. During Phase 1 of the SISP, the Financial Advisor contacted 182 potentially interested strategic and financial parties. Of these, a significant number of interested parties executed a confidentiality agreement and were provided with copies of the confidential information memorandum (the “CIM”) containing detailed, non-public information about the business and financial affairs of the LP Entities and NPI.
18. On March 5, 2010 (the “**Phase 1 Bid Deadline**”), the Financial Advisor received a number of Non-Binding Indications of Interest from Qualified Bidders (as these terms are defined in and determined pursuant to the requirements outlined in the SISP Procedures). In addition, the Financial Advisor received a number of Non-Binding Indications of Interest from bidders that did not qualify as Qualified Bidders.
19. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Consulting Parties, assessed the Qualified Non-Binding Indications of Interest<sup>1</sup> and proposals that did not meet the criteria of Qualified Non-Binding Indications of Interest (by reason of being submitted by a non-Qualified Bidder) to determine in its sole discretion whether



there was a reasonable prospect of obtaining a credible, reasonably certain and financially viable offer that would result in a cash distribution to the LP Senior Secured Lenders on closing of the amount owed to them less a discount of \$25 million (a “**Superior Cash Offer**”).

20. In accordance with the SISP Procedures and following a review of the non-binding indications of interest, the Monitor determined that there is a reasonable prospect of obtaining a Superior Cash Offer, and on March 12, 2010 made a recommendation to the Special Committee that the SISP continue for a further seven weeks in accordance with the SISP Procedures (“**Phase 2**”). The Special Committee has accepted the Monitor’s recommendation, and accordingly Phase 2 of the SISP has commenced.
21. Most of the proposals received by the Financial Advisor in Phase 1 of the SISP contemplate the acquisition of all or substantially all of the assets of the LP Entities or an investment in the LP Entities. The Monitor and the Financial Advisor have communicated with the parties that submitted such Non-Binding Indications of Interest to clarify a number of questions arising therefrom. In accordance with the SISP Procedures, the Monitor, in consultation with the Financial Advisor, the LP CRA and the LP Administrative Agent, has also made a recommendation to the Special Committee regarding which bidders should be eliminated from the SISP. The Special Committee has accepted the Monitor’s recommendation.
22. Several of the proposals received by the Financial Advisor from Qualified Bidders and non-Qualified Bidders are for the acquisition of only selected assets of the LP Entities

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<sup>1</sup> Defined in the SISP Procedures as bids submitted on or before the Phase 1 Bid Deadline by a Qualified Bidder.

(the “**Partial Bids**”). The Partial Bids do not, individually and in the aggregate, constitute a reasonable prospect of generating either a Superior Cash Offer or a Superior Alternative Offer as they, *inter alia*, do not propose to acquire all or substantially all of the assets of the LP Entities and offer purchase prices (both individually and in the aggregate) that are significantly less than the amount owed to the LP Senior Secured Lenders less a discount of \$25 million. Accordingly, the Monitor has recommended to the Special Committee that such bidders be eliminated from the SISP.

## **PHASE 2 OF THE SISP**

23. During Phase 2, Qualified Bidders not eliminated from the SISP in accordance with the SISP Procedures will be granted access to perform due diligence using such materials and information relating to the property and business of the LP Entities as the Financial Advisor, in its reasonable judgment, in consultation with the Monitor, deems appropriate, including, if appropriate, meetings with senior management of the LP Entities and facility tours.
24. Under the SISP Procedures, Qualified Bidders not eliminated from the SISP in accordance with the SISP Procedures may deliver final, binding proposals to the Financial Advisor on or before April 30, 2010 (or such other date or time as may be agreed by the Financial Advisor, in consultation with the Monitor and the LP CRA, and the LP Administrative Agent) (the “**Phase 2 Deadline**”), following which a determination regarding existence of a Superior Offer will be made in accordance with the terms of the SISP Procedures.

25. Based on the terms of the Non-Binding Indications of Interest received in Phase 1 of the SISP, it is possible that realization from the sale of or investment in the LP Entities may exceed the LP Senior Secured Lenders' claim (less a discount of \$25 million). In light of the time lines for the closing of a sale and/or investment transaction, the LP Entities and the Monitor consider it prudent and appropriate to implement a procedure for the submission, evaluation and adjudication of claims against the LP Entities. It is anticipated that the LP Entities will be bringing a motion for an Order approving such a procedure shortly.

#### **RESIGNATIONS OF DENNIS SKULSKY AND DIRECTORS AND OFFICERS OF THE LP ENTITIES**

26. The current President, Chief Executive Officer and senior employee of CPI, Dennis Skulsky, has informed the Special Committee that he intends to resign his position with CPI as a result of his desire to be closer to his family located in British Columbia, as well as to pursue new career opportunities. The LP Entities issued a press release regarding Mr. Skulsky's resignation with Businesswire earlier on Friday, March 12, 2010.
27. Mr. Skulsky has agreed to remain in his senior management position at the LP Entities and National Post Inc. until April 30, 2010, and on a part time consulting basis until August 31, 2010 (subject to finalizing and obtaining Court approval of the definitive agreements with respect thereto), which will enable him to be fully engaged in Phase 2 of the SISP until its conclusion and provide direction and guidance to the LP Entities management (albeit on a more limited basis) through the end of the current fiscal year.

28. It is currently anticipated that the incentive arrangements for Mr. Skulsky and some other key employees, the details and terms of which are contained in the LP MIP approved by this Court in the Initial Order, will be amended as a result of, *inter alia*, Mr. Skulsky's intended resignation and the LP Entities will be bringing a motion seeking Court approval of such amendments.
29. In order to consolidate and streamline corporate decision making in the Canwest enterprise, Canwest and certain of its subsidiaries, including CCI and CPI, entered into unanimous shareholder declarations which removed the rights, powers and duties of the directors to manage, or supervise the management of, the business and affairs of those subsidiary companies (as described in greater detail in the Pre-filing Report and the Strike Affidavit)
30. By executing the unanimous shareholder declarations, the shareholder of each applicable subsidiary company removed from the subsidiary's directors the power to manage or supervise the management of the subsidiary's business and affairs. The ultimate effect of the various unanimous shareholder declarations was to consolidate decision making with Canwest through its board of directors.
31. As a result of, *inter alia*, the unanimous shareholders declarations, the LP Entities' directors and officers were not responsible for the LP Entities' day to day operations (which are carried on by Mr. Skulsky and several other "senior employees") or the LP Entities' restructuring efforts. On March 1, 2010 and following the February 28, 2010 scheduled termination of certain inter-entity shared services (as described in greater detail below), all of the then current directors and officers of the LP Entities resigned from their

positions with the LP Entities. Following their resignations, the LP Entities have not elected/appointed directors or officers under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

32. Following the resignation of all of the LP Entities' directors and officers, the "senior employees" of the LP Entities remain to carry on the day to day operations of the LP Entities. For any matters that would ordinarily require approval of the board of directors, the respective shareholder may pass a shareholder resolution authorizing and giving named individuals authority to complete the required action.

#### **TRANSITION OF THE SHARED SERVICES**

33. As described in greater detail in the Pre-filing Report, Canwest's various corporate entities (including those not part of the CCAA Proceeding) share certain business-critical services.
34. On October 30, 2009, on a motion brought within the CMI Entities' CCAA proceedings, this Honourable Court approved the Transition and Reorganization Agreement between the LP Entities and the CMI Entities which included the Shared Services Transition Agreement dated October 26, 2009 (the "**Shared Services Transition Agreement**"), which agreement provides for the orderly transition and termination of the shared services arrangements between the LP Entities and the CMI Entities. The terms of the Shared Services Transition Agreement, include, *inter alia*, the following:

- i. a transition of employees between the CMI Entities and LP Entities and adjustment of amounts currently payable for the Shared Services in accordance

with section 2.5 of the Shared Services Transition Agreement from the date of closing of the Shared Services Transition Agreement until the Shared Services Agreements (as defined below) are terminated; and

- ii. all Shared Services Agreements will be terminated by certain dates ranging from February 28, 2010 to February 28, 2011.

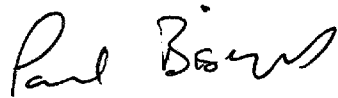
- 35. A summary of the shared services agreements affected by the Shared Services Transition Agreement (collectively, the “**Shared Services Agreements**”) (including the nature of the services provided, the service provider, the service recipient, the revised payment terms and termination dates) is attached as **Appendix “C”** to this report.
- 36. Among the shared services scheduled to be terminated on February 28, 2010 were certain corporate services provided by Canwest Media Inc. (“**CMI**”) to the Limited Partnership and certain human resources related services provided by the Limited Partnership to CMI.
- 37. Due to, *inter alia*, the resignation of various LP Entities’ and CMI Entities’ employees and the delay in the commencement of the CCAA Proceedings and the resultant delay in the anticipated date of the LP Entities’ emergence from CCAA protection, the Limited Partnership and CMI require that some of the shared services scheduled to be terminated on February 28, 2010 continue to be provided after February 28, 2010. The details of these services and the terms and conditions upon which they will continue to be provided are contained in a letter agreement (the “**Letter Agreement**”) a form of which is attached hereto as **Appendix “D”**.

38. Under the terms of the Letter Agreement, certain employees of the LP Entities will continue to provide to the CMI Entities human resource related services and certain employees of the CMI Entities will continue to provide to the LP Entities legal, tax and insurance related services until June 30, 2010 (the expiry of the Support Agreement) with an option (and subject to mutually acceptable terms) to further extend provision of these services thereafter. The LP Entities and the CMI Entities will share equally the costs and expenses associated with the shared employees. Such costs are not intended to provide CMI or the Limited Partnership with any material financial gain or loss.
39. The total net monthly cost to the LP Entities resulting from the extended provision of these shared services is approximately \$68,000.
40. As a result, the LP Entities are of the view that the Letter Agreement and the amendments to the Shared Services Transition Agreement are financially favourable compared to the previous level of services received and will allow the LP Entities to complete the SISP without disruptions to the ongoing operating requirements.
41. The Initial Order prohibits the LP Entities and the CMI Entities from modifying, ceasing to provide or terminating the provision or payment of the inter-entity services except with the consent of, *inter alia*, the Monitor, the LP CRA, the LP Administrative Agent (acting in consultation with the Steering Committee) and the party receiving such services or further Order of this Honourable Court. The Monitor, the LP CRA, the LP Entities and the CMI Entities (as well as their Chief Restructuring Officer and Court-appointed monitor) have consented to modify the provision and payment for the shared services in accordance with the terms of the Letter Agreement.

All of which is respectfully submitted this 12<sup>th</sup> day of March, 2010.

FTI Consulting Canada Inc.,  
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest  
Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en  
Commandite

Per



Paul Bishop  
Senior Managing Director



# APPENDIX "A"



subordinated notes issued by the Limited Partnership (the "Ad Hoc Committee") and the directors and officers of the Applicants and on reading the consent of FTI Consulting to act as the Monitor,

## **PART I – CCAA RELIEF**

### **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

### **APPLICATION**

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not an Applicant, the Limited Partnership (together with the Applicants, the "LP Entities") shall enjoy the benefits of the protections and authorizations provided by this Order.

### **PLAN OF ARRANGEMENT**

3. THIS COURT ORDERS that the Applicants have the authority to file the Senior Lenders CCAA Plan (as defined below) with this Court and that, subject to further Order of this Court, one or more of the Applicants, individually or collectively, with the consent of the Monitor and the LP CRA (as defined below), shall have the authority to file and may file with this Court other plans of compromise or arrangement (hereinafter referred to as an "LP Plan") between, *inter alia*, one or more of the LP Entities and one or more classes of their applicable secured and/or unsecured creditors.

### **POSSESSION OF PROPERTY AND OPERATIONS OF THE LP ENTITIES**

4. THIS COURT ORDERS that the LP Entities shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively the "LP Property"). Subject to this and further Order of this Court, the LP Entities shall each continue to carry on business in the ordinary course in a manner consistent with the preservation of their

respective businesses (collectively the "LP Business") and LP Property. The LP Entities shall each be authorized and empowered to continue to retain and employ the consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, with the prior approval of the Monitor in consultation with the LP CRA and subject to the provisions on the payment of the Assistants set forth in paragraph 9 hereof. The LP Entities shall each be further authorized and empowered to continue to retain and employ the employees currently employed by them, with liberty to employ such further employees as they deem reasonably necessary or desirable in the ordinary course of business.

5. Mr. Dennis Skulsky, the President of CPI (the "President of CPI") shall
  - (a) report directly and solely to the Special Committee;
  - (b) shall keep the Monitor and the LP CRA advised on a timely basis of developments in the operations and financial performance of the LP Entities and shall meet with the Monitor, the LP CRA and the financial advisor to counsel for the Agent (the "McMillan Financial Advisor" and collectively with counsel to the Agent and the other advisors to the Agent, the "Agent's Advisors") at least once per week, unless otherwise agreed by the McMillan Financial Advisor, to provide an update on operations and financial performance of the LP Entities; and
  - (c) advise the Monitor, the LP CRA and the McMillan Financial Advisor forthwith if the Special Committee disagrees with and precludes the President of CPI from proceeding with any recommended financial or operational initiative which the President of CPI believes is in the best interests of the LP Entities, in which case the Monitor will apply to the court for advice and direction, if the Monitor and the LP CRA are unable to assist the parties in coming to agreement.
6. The LP Entities shall provide the Agent's Advisors with any non-privileged information reasonably requested.
7. THIS COURT ORDERS that the LP Entities shall be entitled to continue to utilize the centralized cash management system currently in place as described in the Strike Affidavit or

replace it with another substantially similar centralized cash management system satisfactory to the LP DIP Lenders (as defined below) and the Agent (the "LP Cash Management System"). Any present or future bank providing the LP Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken thereunder, or as to the use or application by the LP Entities of funds transferred, paid, collected or otherwise dealt with in the LP Cash Management System, shall be entitled to provide the LP Cash Management System without any liability in respect thereof to any individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "Persons" and each being a "Person") other than the LP Entities, pursuant to the terms of the documentation applicable to the LP Cash Management System, and shall be, in its capacity as provider of the LP Cash Management System, an unaffected creditor in any plan of compromise or arrangement filed by the LP Entities under the CCAA, any proposal filed by the LP Entities under the *Bankruptcy and Insolvency Act of Canada* (the "BIA") or any other restructuring with regard to any claims or expenses it may suffer or incur in connection with the provision of the LP Cash Management System. All security interests over the LP Property granted by the LP Entities to The Bank of Nova Scotia to secure obligations under the LP Cash Management System (the "Cash Management Existing Security") up to \$7.5 million shall rank *pari passu* with the LP DIP Lenders' Charge (as defined below), in accordance with the terms of the Commitment Letter and the LP DIP Definitive Documents (as each term is hereinafter defined) and pursuant to paragraphs 54 and 56 hereof.

8. THIS COURT ORDERS that the LP Entities and the CMI Entities (as defined in the Strike Affidavit) shall continue to provide and pay for the shared services, as described in the Agreement on Shared Services and Employees (the "New Shared Services Agreement") dated as of October 26, 2009 attached as Exhibit "S" to the Strike Affidavit (collectively, the "Shared Services"), to each other and their other affiliated and related entities, in accordance with the New Shared Services Agreement. Notwithstanding any other provision in this Order, neither the LP Entities nor the CMI Entities shall modify, cease providing or terminate the provision of or payment for the Shared Services or any other provision of the New Shared Services Agreement except with the consent of the parties thereto, the Agent, acting in consultation with the Steering Committee, the LP CRA and the Monitor or further Order of this Court.

9. THIS COURT ORDERS that, subject to availability under the LP DIP Facility (as defined below), subject to the LP DIP Definitive Documents and the LP Support Agreement (all as hereinafter defined), and subject to the cash flow forecasts delivered in accordance with the LP DIP Definitive Documents and the LP Support Agreement (the “Approved Cash Flow”), the LP Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order, to the extent that such expenses are incurred or payable by the LP Entities:

- (a) all outstanding and future wages, salaries, employee and pension benefits (other than in respect of the Southam Executive Retirement Agreements or the CanWest MediaWorks Limited Partnership (now the Limited Partnership) Retirement Compensation Arrangement Plan), vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) without limiting the generality of paragraph 9(a), all current service, special and similar pension and/or retirement benefit payments (other than in respect of the Southam Executive Retirement Agreements or the CanWest MediaWorks Limited Partnership (now the Limited Partnership) Retirement Compensation Arrangement Plan), commissions and other incentive payments, payments to employees under collective bargaining agreements not otherwise covered by paragraph 9(a) and employee and director expenses and reimbursements, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, but in the case of director legal expenses, only in accordance with paragraph 37 hereof;
- (c) compensation to employees in respect of any payments made to employees prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings, unless such payments are not permitted by this Order;
- (d) with the prior consent of the Monitor, all outstanding and future amounts owing to or in respect of individuals working as independent contractors or freelancers in connection with the LP Business;

- (e) with the prior consent of the Monitor in consultation with the LP CRA, the reasonable fees and disbursements of any Assistants retained or employed by the LP Entities in respect of these proceedings, at their standard rates and charges, including any payments made to Assistants prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings;
- (f) any and all sums due and owing to Amex Bank of Canada ("American Express"), including, without limitation, amounts due and owing by the LP Entities to American Express in respect of the Corporate Card Program and Central Billed Accounts Program as described in the Strike Affidavit;
- (g) amounts collected in respect of various sales representation agreements under which the LP Entities sell as commissioned agent printed and/or online advertising on behalf of third-party clients; and
- (h) amounts owing for goods and services actually supplied to the LP Entities, or to obtain the release of goods contracted for prior to the date of this Order with the prior consent of the Monitor if, in the opinion of the LP CRA, in consultation with the LP Entities, the supplier is critical to the LP Business and ongoing operations of any of the LP Entities.

For greater certainty, unless otherwise ordered, the LP Entities shall not make (a) any payments to, or in satisfaction of any liabilities or obligations of the CMI Entities, save and except for payments in respect of the New Shared Services Agreement; or (b) any payments on account of change of control or other golden parachute arrangements, severance or termination pay, payment in lieu of notice of termination, claims for wrongful dismissal or other similar obligations.

10. THIS COURT ORDERS that, subject to availability under the LP DIP Facility, and subject to the LP DIP Definitive Documents and the LP Support Agreement, and subject to the Approved Cash Flow, the LP Entities shall be entitled but not required to pay all reasonable expenses incurred by them in carrying on the LP Business in the ordinary course from and after

the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the LP Property or the LP Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment, including the posting of letters of credit, for goods or services actually supplied or to be supplied to the LP Entities following the date of this Order.

For greater certainty, the LP Entities shall not make any payments to, or in satisfaction of any liabilities or obligations of the CMI Entities, save and except for payments in respect of the New Shared Services Agreement.

11. THIS COURT ORDERS that the LP Entities shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the LP Entities' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the LP Entities in connection with the sale of goods and services by the LP Entities, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation, employer's health tax or other taxes, assessments or levies of any nature or kind which are entitled at law to



be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the LP Business by the LP Entities.

12. THIS COURT ORDERS that, subject to availability under the LP DIP Facility, subject to the LP DIP Definitive Documents and the LP Support Agreement, and subject to the Approved Cash Flow, the LP Entities shall be entitled but not required to make available to National Post Inc. (formerly known as 4513401 Canada Inc.) secured revolving loans pursuant to the terms of the NP Intercompany Loan Agreement as defined and described in greater detail in the Strike Affidavit.

13. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with paragraph 18(c) of this Order, the LP Entities shall pay all amounts constituting rent or payable as rent under their respective real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable LP Entity and the relevant landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid. Upon delivery of a notice of disclaimer or resiliation under section 32 of the CCAA, the relevant LP Entity shall pay all Rent owing by the applicable LP Entity to the applicable landlord in respect of such lease due for the notice period stipulated in section 32 of the CCAA, to the extent that Rent for such period has not already been paid.

14. THIS COURT ORDERS that, except as otherwise specifically permitted herein, the LP Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the LP Entities to any of their creditors as of this date, including interest payable in respect of indebtedness owing by CPI to the Limited Partnership, which interest otherwise payable to the Limited Partnership shall cease to accrue as of the date hereof; (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of the LP Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the LP Business.

## LP SUPPORT AGREEMENT

15. THIS COURT ORDERS that the LP Support Agreement made as of January 8, 2010 between the LP Entities and the Agent (the “LP Support Agreement”) is hereby approved and the LP Entities are hereby authorized and directed to pay and perform all of their indebtedness, liabilities and obligations under and pursuant to the LP Support Agreement. Without limiting the generality of the foregoing, as set forth in the LP Support Agreement, the LP Entities are authorized and directed to (i) make payments of interest on principal outstanding from time to time under the Senior Credit Agreement and the Hedging Agreements (as those terms are defined in the Senior Lenders CCAA Plan) (ii) pay all Recoverable Expenses (as defined in the LP Support Agreement); and (iii) make payments to the Agent of certain fees as contemplated in section 5.1 (i) of the LP Support Agreement.

## RESTRUCTURING

16. THIS COURT ORDERS that the Sale and Investor Solicitation Process, on the terms set out in Schedule “A” hereto (the “SISP”), is hereby authorized and approved and the LP Entities are hereby directed and authorized to proceed with the SISP.

17. THIS COURT ORDERS that in connection with the SISP and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, the LP Entities shall disclose personal information of identifiable individuals to prospective bidders under the SISP and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete a sale of the LP Property, or investment in the LP Business (each, a “Transaction”). Each prospective bidder to whom such personal information is disclosed shall sign an agreement to maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall return all such information to the LP Entities, or in the alternative destroy all such information. The Successful Bidder (as defined in the SISP) shall be entitled to continue to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the LP Entities, and shall return all other personal information to the LP Entities, or ensure that all other personal information is destroyed.

18. THIS COURT ORDERS that the LP Entities shall, subject to such requirements as are imposed by the CCAA, subject to the LP DIP Facility, the LP DIP Definitive Documents and the LP Support Agreement and subject to the consent of the Monitor, acting with the assistance of and in consultation with the LP CRA or further Order of this Court, have the right to:

- (a) to the extent not inconsistent with the SISP, to dispose of redundant or non-material assets, and to sell assets or operations not exceeding \$1 million in any one transaction or \$5 million in the aggregate, so long as the proceeds of all such sales are applied to reduce the principal amount owed to the Senior Lenders under the Senior Credit Agreement (as defined below);
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as the relevant LP Entity deems appropriate in the ordinary course of business;
- (c) in accordance with paragraphs 19 and 20, vacate, abandon or quit the whole but not part of any leased premises and/or disclaim or resiliate any real property lease and any ancillary agreements relating to any leased premises, in accordance with section 32 of the CCAA; and
- (d) disclaim or resiliate, in whole or in part, such of their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the LP Entities deem appropriate, except the New Shared Services Agreement, the LP Support Agreement, the NP Intercompany Loan Agreement or any other agreements or documents entered into in connection with this Order, in accordance with section 32 of the CCAA and to deal with any claims arising from such disclaimer or resiliation in an LP Plan, if any,

all of the foregoing to permit the LP Entities to proceed with an orderly restructuring of the LP Business. For greater certainty, the LP Entities shall not shut down any of their daily newspapers without further prior Order of the Court.

19. THIS COURT ORDERS that LP Entities shall provide each of the relevant landlords with notice of the relevant LP Entity's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be

entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the LP Entity's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant LP Entity, or by further Order of this Court upon application by the relevant LP Entity on at least two (2) days notice to such landlord and any such secured creditors. If an LP Entity disclaims or resiliates the lease governing such leased premises in accordance with paragraph 18(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the LP Entity's claim to the fixtures in dispute.

20. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered by an LP Entity in respect of a leased premises, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the relevant landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant LP Entity and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the LP Entity in respect of such lease or leased premises and such landlord shall be entitled to notify the LP Entity of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE LP ENTITIES OR THE LP PROPERTY**

21. THIS COURT ORDERS that until and including February 5, 2010, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the LP Entities, the Monitor or the LP CRA or affecting the LP Business or the LP Property, except with the written consent of the applicable LP Entity, the Monitor and the LP CRA (in respect of proceedings affecting the LP Entities, the LP Property or the LP Business), or with leave of this

Court, and any and all Proceedings currently under way against or in respect of the LP Entities, the Monitor or the LP CRA or affecting the LP Business or the LP Property are hereby stayed and suspended pending further Order of this Court. In the case of the LP CRA, no Proceeding shall be commenced against the LP CRA or its directors and officers without prior leave of this Court on seven (7) days notice to CRS Inc.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

22. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any Person against or in respect of the LP Entities, the Monitor and/or the LP CRA, or affecting the LP Business or the LP Property, are hereby stayed and suspended except with the written consent of the applicable LP Entity, the Monitor and the LP CRA (in respect of the rights and remedies affecting the LP Entities, the LP Property or the LP Business), the LP CRA (in respect of the rights and remedies affecting the LP CRA), or leave of this Court, provided that nothing in this Order shall (i) empower the LP Entities to carry on any business which the LP Entities are not lawfully entitled to carry on, (ii) exempt the LP Entities from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

23. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the LP Entities, except with the written consent of the relevant LP Entity, the LP CRA and the Monitor, or leave of this Court.

#### **CONTINUATION OF SERVICES**

24. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with an LP Entity or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, computer software, communication and other data services, banking and cash management services, payroll services, insurance, transportation services, utility or other services to the LP Business or an LP Entity, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the

supply of such goods or services as may be required by the LP Entities, and that the LP Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the LP Entities in accordance with normal payment practices of the LP Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable LP Entity, with the consent of the LP CRA and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

25. THIS COURT ORDERS that, notwithstanding anything else contained herein, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the LP Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

26. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no proceeding may be commenced or continued against any of the former, current or future directors or officers (or their respective estates) of the LP Entities with respect to any claim against such directors or officers that arose prior to, on or after the date hereof and that relates to any obligations of the LP Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the LP Entities, if one is filed, is sanctioned by this Court or is refused by the creditors of the LP Entities or this Court.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

27. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers from all claims, costs, charges and expenses relating to the failure of any of the LP Entities, after the date hereof, to make payments in respect of the LP Entities of the nature referred to in paragraphs 9(a), 11(a), 11(b) and 11(c) of this Order, which they sustain or incur by reason of or

in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct. For greater certainty, the indemnity provided by this paragraph 27 shall not indemnify such directors or officers of the Applicants from any costs, claims, charges, expenses or liabilities reasonably attributable to the CMI Entities.

28. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "LP Directors' Charge") on the LP Property, which charge shall not exceed an aggregate amount of \$35 million, as security for the indemnity provided in paragraph 27 of this Order. The LP Directors' Charge shall have the priority set out in paragraphs 54 and 56 herein.

29. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the LP Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the LP Directors' Charge to the extent they do not have or are unable to obtain coverage under a directors' and officers' insurance policy or to the extent that such coverage is insufficient to pay amounts indemnified pursuant to paragraph 27 of this Order.

#### **APPOINTMENT OF MONITOR**

30. THIS COURT ORDERS that FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor of the LP Entities, an officer of this Court, to monitor the LP Property and the LP Entities' conduct of the LP Business with the powers and obligations set out in the CCAA and as set forth herein and that the LP Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the LP Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

31. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the LP Entities' receipts and disbursements;

- (b) report to this Court and consult with the Agent's Advisors at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the LP Entities, the LP Property, the LP Business, and such other matters as may be relevant to the proceedings herein and with respect to any payments made pursuant to paragraph 9(h) herein;
- (c) assist the LP Entities, in their dissemination, to the McMillan Financial Advisor, the Agent and the LP DIP Agent (as defined below) and its counsel of financial and other information as agreed to between the LP Entities and the Agent or the LP Entities and the LP DIP Lenders (as defined below) which may be used in these proceedings;
- (d) advise the LP Entities in their preparation of the LP Entities' cash flow statements and reporting required by the LP DIP Lenders or the Agent, which information shall be reviewed with the Monitor and delivered to the McMillan Financial Advisor, the LP DIP Agent and the Agent in compliance with the LP DIP Definitive Documents and the LP Support Agreement, or as otherwise agreed to by the LP DIP Agent or the Agent;
- (e) assist the LP CRA in the performance of its duties set out in the LP CRA Agreement (as defined below);
- (f) advise the LP Entities in their development and implementation of the LP Plan, if any, and any amendments to any such LP Plan;
- (g) assist the LP Entities with the holding and administering of creditors' or shareholders' meetings for voting on any LP Plan, as applicable;
- (h) have full and complete access to the LP Property, including the premises, books, records, data (including data in electronic form), other financial documents of the LP Entities, and management, employees and advisors of the LP Entities, to the extent that is necessary to adequately assess the LP Entities' business and financial affairs or to perform its duties arising under this Order;



- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (j) monitor and, if necessary, report to the Court on any matters pertaining to the New Shared Services Agreement; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

32. THIS COURT ORDERS that in addition to its prescribed rights and obligations under the CCAA and the powers granted hereunder, the Monitor shall supervise the SISP and supervise the Financial Advisor (as hereinafter defined) in connection therewith and that the Monitor is hereby empowered, authorized and directed to take such actions and fulfill such roles as are contemplated in the SISP, including:

- (a) working with the Financial Advisor and the LP CRA to develop a list of potential bidders to be contacted;
- (b) working with the Financial Advisor, the LP CRA and counsel for the LP Entities, who at all times are to be instructed by the LP CRA, (together the "SISP Advisors") on the negotiation of confidentiality agreements;
- (c) working with the SISP Advisors in the preparation and distribution of a confidential information memorandum;
- (d) working with the SISP Advisors in the establishment of and supervision of access to an electronic data room;
- (e) providing the Agent and the Agent's Advisors with timely and regular updates and information as to the progress of the SISP, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Non-Binding Indications of Interest (as defined in the SISP) or Qualifying Bids (as defined in the SISP) until after the conduct of the vote on the Senior Lenders CCAA Plan;

- (f) in accordance with the terms of the SISP, supervising the conduct of Phase 1, and to the extent applicable Phase 2, of the SISP and exercising the duties, powers and authorities to be exercised by the Monitor under the terms of the SISP;
- (g) presenting such further and other recommendations to the Special Committee as contemplated in the SISP or as may be considered advisable by the Monitor or the LP CRA, it being understood that subject to further Order of this Court, the authorities and obligations of the Special Committee in the SISP and in the operations of the LP Entities to the extent there are any such obligations, and in the restructuring of the LP Entities generally, shall only be to deal with matters brought to it either by the President of CPI as contemplated by paragraph 5 of this Order or by the Monitor as contemplated by this paragraph in the Order; and
- (h) otherwise working with the SISP Advisors on any steps and actions considered necessary or desirable in carrying out the SISP.

33. THIS COURT ORDERS that the Monitor shall not take possession of the LP Property and shall take no part whatsoever in the management or supervision of the management of the LP Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the LP Business or LP Property, or any part thereof.

34. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the LP Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be

in Possession of any of the LP Property within the meaning of any Environmental Legislation, unless it is actually in Possession.

35. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant and the LP DIP Lenders with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor provided that with respect to any Person acting, directly or indirectly, as or on behalf of a bidder or potential bidder involved in the SISP, the Monitor is not required to provide any such information unless the Monitor is satisfied that appropriate internal confidentiality screens are in place. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the LP Entities may agree.

36. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

37. THIS COURT ORDERS that, subject to the provisions of this paragraph, the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, counsel to the directors and officers of the Applicants, the LP CRA, counsel to the LP CRA and the Financial Advisor, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, or as agreed under contracts, as long as such contracts, which shall include any contracts to obtain fairness opinions, are approved by this Court, whether incurred prior to or subsequent to the date of this Order, by the LP Entities, to the extent that such fees and disbursements relate to services provided to the LP Entities. From the date of this Order, the fees and disbursements paid by the LP Entities to:

- (a) counsel to the Special Committee shall be limited to those incurred in respect of advice given in connection with the authorities and obligations of the Special Committee as set forth in paragraph 32(g) herein; and

- (b) counsel to the directors and officers of the Applicants shall not exceed \$75,000 in total.

The Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, the LP CRA, counsel to the LP CRA, counsel to the Applicants' directors and officers and the Financial Advisor shall keep separate accounts for services provided in respect of the LP Entities and services provided in respect of the CMI Entities. The LP Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee on a weekly basis, and the accounts of the LP CRA, counsel to the LP CRA, and counsel to the Applicants' directors and officers and the Financial Advisor on a monthly basis, to the extent that such accounts relate to services provided to the LP Entities. The LP Entities shall not be liable for and shall not pay any expenses, fees, disbursements or retainers of the Monitor, counsel to the Monitor, counsel to the CMI Entities, counsel and financial advisor to the Special Committee, counsel to the Applicants' directors and officers or the Financial Advisor, to the extent that such expenses, fees, disbursements or retainers are not attributable to the LP Entities.

38. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and if so ordered by the Court on motion brought by the Monitor, after consultation with the LP CRA, other counsel whose fees and disbursements are secured by the LP Administration Charge (as defined below), shall pass their accounts from time to time, and for this purpose the accounts of such parties are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

39. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and the financial advisor to the Special Committee, the LP CRA, and counsel to the LP CRA shall be entitled to the benefit of and are hereby granted a charge on the LP Property (the "LP Administration Charge"), which charge shall not exceed an aggregate amount of \$3 million, as security for their reasonable professional fees and disbursements incurred at their respective standard rates and charges in respect of such services, both before and after the making of this Order in respect of these proceedings. The LP Administration Charge shall have the priority set out in paragraphs 54 and 56 hereof.

40. THIS COURT ORDERS that the RBC Dominion Securities Inc., a member company of RBC Capital Markets (the "Financial Advisor") shall be entitled to the benefit of and is hereby

granted a charge on the LP Property (the "FA Charge"), which charge shall not exceed an aggregate amount of \$10 million, as security for the fees and disbursements, including a success fee (if any) payable to the Financial Advisor pursuant to the engagement letter dated October 1, 2009 between CPI, the Limited Partnership and Financial Advisor (the "Financial Advisor Agreement"). The FA Charge shall have the priority set out in paragraphs 54 and 56 hereof.

#### CHIEF RESTRUCTURING ADVISOR

41. THIS COURT ORDERS that CRS Inc. ("CRS") be and is hereby appointed as Chief Restructuring Advisor of the LP Entities in accordance with the terms and conditions of the agreement entered into between Canwest Global Communications Corp. ("Canwest Global"), the LP Entities and CRS (CRS and its President, Gary F. Colter, are collectively referred to herein as the "LP CRA") dated November 1, 2009 (the "LP CRA Agreement"), effective as of the date of this Order.

42. THIS COURT ORDERS that the LP CRA Agreement is hereby approved and given full force and effect and that the LP CRA is hereby authorized to retain counsel as set out in the LP CRA Agreement. The LP CRA Agreement shall not be amended without prior Court approval.

43. THIS COURT ORDERS that the LP Entities are authorized and directed to continue the engagement of the LP CRA on the terms and conditions set out in the LP CRA Agreement.

44. THIS COURT ORDERS that the LP CRA shall not be or be deemed to be a director, officer or employee of any of the LP Entities.

45. THIS COURT ORDERS that the LP CRA and its directors and officers shall incur no liability or obligation as a result of the LP CRA's appointment or the carrying out of the provisions of this Order, or the provision of services pursuant to the LP CRA Agreement, save and except as may result from gross negligence or wilful misconduct on the part of the LP CRA. In particular, the LP CRA and its directors and officers shall incur no liability, whether statutory or otherwise, as a director or officer of the LP Entities.

46. THIS COURT ORDERS that (i) the indemnification obligations of Canwest Global in favour of the LP CRA and its officers and directors set out in the LP CRA Agreement; and (ii)

the payment obligations set out in the LP CRA Agreement shall be entitled to the benefit of and form part of the LP Administration Charge set out herein.

47. THIS COURT ORDERS that any claims of the LP CRA under the LP CRA Agreement shall be treated as unaffected in any plan of compromise or arrangement filed by the LP Entities under the CCAA, any proposal filed by the LP Entities under the BIA or any other restructuring.

#### DIP FINANCING

48. THIS COURT ORDERS that LP Entities are hereby authorized and empowered to obtain and borrow under a credit facility from The Bank of Nova Scotia as Administrative Agent (the "LP DIP Agent") and certain other lenders from time to time party to the LP DIP Definitive Documents (as defined below)(collectively, the "LP DIP Lenders") in order to finance the LP Entities' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$25 million unless permitted by further Order of this Court.

49. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the LP Entities, the LP DIP Lenders and LP DIP Agent dated as of January 8, 2010 (the "Commitment Letter"), filed.

50. THIS COURT ORDERS that the LP Entities are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "LP DIP Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the LP DIP Lenders pursuant to the terms thereof, and the LP Entities are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the LP DIP Lenders under and pursuant to the Commitment Letter and the LP DIP Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

51. THIS COURT ORDERS that the LP DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the "LP DIP Lenders' Charge") on the LP Property as security for any and all obligations of the LP Entities under the LP DIP Definitive Documents, which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the LP

DIP Definitive Documents. The LP DIP Lenders' Charge shall have the priority set out in paragraphs 54 and 56 hereof.

52. THIS COURT ORDERS that, notwithstanding any other provision of this Order:
- (a) the LP DIP Lenders or the LP DIP Agent may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the LP DIP Lenders' Charge or any of the LP DIP Definitive Documents;
  - (b) upon the occurrence of an event of default under the LP DIP Definitive Documents or the LP DIP Lenders' Charge, the LP DIP Lenders, upon 2 days notice to the LP Entities and the Monitor, may exercise any and all of their rights and remedies against the LP Entities or the LP Property under or pursuant to the Commitment Letter, LP DIP Definitive Documents and the LP DIP Lenders' Charge (except that the right to cease making advances or credit available under the LP DIP Definitive Documents, to set off and/or consolidate any amounts owing by the LP DIP Lenders to the LP Entities against the obligations of the LP Entities to the LP DIP Lenders under the Commitment Letter, the LP DIP Definitive Documents or the LP DIP Lenders' Charge and make demand or accelerate payment thereunder shall be without notice or demand), including, without limitation, to give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the LP Entities and for the appointment of a trustee in bankruptcy of the LP Entities, and upon the occurrence of an event of default under the terms of the LP DIP Definitive Documents, the LP DIP Lenders shall be entitled to seize and retain proceeds from the sale of the LP Property and the cash flow of the LP Entities to repay amounts owing to the LP DIP Lenders in accordance with the LP DIP Definitive Documents and the LP DIP Lenders' Charge, but subject to the priorities as set out in paragraphs 54 and 56 of this Order; and
  - (c) the foregoing rights and remedies of the LP DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the LP Entities or the LP Property.

53. THIS COURT ORDERS AND DECLARES that the LP DIP Lenders shall be treated as unaffected in any plan of compromise or arrangement filed by the LP Entities under the CCAA, any proposal filed by the LP Entities under the BIA or any restructuring with respect to any advances made under the LP DIP Definitive Documents.

**VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

54. THIS COURT ORDERS that the priorities of the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge and the LP MIP Charge (as defined below), shall be as follows:

First – LP Administration Charge

Second – LP DIP Lenders' Charge and the Cash Management Existing Security up to \$7.5 million on a *pari passu* basis;

Third – The FA Charge; and

Fourth – the LP Directors' Charge and the LP MIP Charge on a *pari passu* basis.

55. THIS COURT ORDERS that the filing, registration or perfection of the LP Directors' Charge, LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge or the LP MIP Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

56. THIS COURT ORDERS that the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge and the LP MIP Charge shall constitute a charge on the LP Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, notwithstanding the order of perfection or attachment, except for any validly perfected purchase money security interest in favour of any secured creditor or for any statutory Encumbrance existing on the date of this order in favour of any Person that is a "secured creditor" as defined in the CCAA in respect of source deductions from wages, employer health



tax, workers compensation, GST/QST, PST payables, vacation pay and banked overtime for employees, and amounts under the Wage Earners' Protection Program that are subject to a super priority claim under the BIA.

57. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the LP Entities shall not grant any Encumbrances over any LP Property that rank in priority to, or *pari passu* with, any of the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge or the LP MIP Charge, unless the LP Entities also obtain the prior written consent of the Monitor, the beneficiaries of the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the LP MIP Charge or the FA Charge and the Agent, or upon further Order of this Court.

58. THIS COURT ORDERS that the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge, the LP MIP Charge and the LP Support Agreement shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the LP Entities, or any of them, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery or performance of the Commitment Letter, the LP DIP Definitive Documents or the LP Support Agreement shall create or be deemed to constitute a breach by any of the LP Entities of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges

or the execution, delivery or performance of the Commitment Letter or any LP DIP Definitive Documents; and

- (c) the LP Support Agreement, the Commitment Letter, the LP DIP Definitive Documents, payments made by the LP Entities pursuant to this Order, and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

59. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the relevant LP Entity's interest in such real property leases.

60. THIS COURT ORDERS that, notwithstanding any other provision of this Order, the terms and conditions with respect to any release and discharge of the Charges (as defined herein) shall be subject to the consent of the applicable Chargee and the Monitor or further Order of the Court.

#### APPROVAL OF FINANCIAL ADVISOR AGREEMENT

61. THIS COURT ORDERS that the Financial Advisor Agreement in the form attached to the Confidential Supplement to the Monitor's Pre-Filing Report (the "Confidential Supplement") is hereby approved and the LP Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Financial Advisor Agreement.

#### MANAGEMENT INCENTIVE PLAN

62. THIS COURT ORDERS that the LP Entities' management incentive plan (the "LP MIP"), the National Post Inc. management incentive plan (the "NP MIP") and employee special arrangements (the "Special Arrangements") in the forms attached to the Confidential Supplement are hereby approved and the LP Entities are authorized and directed to make payments contemplated thereunder in accordance with the terms and conditions of the LP MIP, the NP MIP and the Special Arrangements which shall not be amended without the consent of the Agent, acting in consultation with the Steering Committee and further Order of the Court.

63. THIS COURT ORDERS that the key employees referred to in the LP MIP and the beneficiaries of the Special Arrangements shall be entitled to the benefit of and are hereby granted a charge (the "LP MIP Charge") on the LP Property, which charge shall not exceed an aggregate amount of \$3 million, to secure amounts owing to such key employees under the LP MIP and amounts owing to the beneficiaries of the Special Arrangements.

#### **SEALING OF CONFIDENTIAL SUPPLEMENT**

64. THIS COURT ORDERS that the Confidential Supplement be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

### **PART II – SENIOR LENDERS CCAA PLAN OF ARRANGEMENT**

#### **SENIOR LENDERS CCAA PLAN OF ARRANGEMENT**

65. THIS COURT ORDERS that capitalized terms used in Parts II, III, and IV of this Order not otherwise defined herein shall have the meanings given to them in the Senior Lenders CCAA Plan.

66. THIS COURT ORDERS that the plan of compromise or arrangement (hereinafter referred to as the "Senior Lenders CCAA Plan") between the LP Entities and the Senior Secured Creditors, substantially in the form attached as Schedule "B" hereto, be and is hereby accepted for filing, and that the LP Entities are authorized to seek approval of the Senior Lenders CCAA Plan in the manner set forth herein.

67. THIS COURT ORDERS that the Agent is hereby authorized to amend, modify and/or supplement the Senior Lenders CCAA Plan at any time and from time to time prior to the Senior Lenders Meeting (as defined below). The Monitor shall disclose and make available all amendments, modifications and supplements to the Senior Lenders CCAA Plan at the Senior Lenders Meeting.

### **PART III – SENIOR LENDERS CLAIMS PROCESS**

68. THIS COURT ORDERS that for the purposes of voting and distribution under the Senior Lenders CCAA Plan, the Principal amount of the Senior Secured Claims shall be determined in the following manner (the “**Senior Lenders Claims Process**”):

- (a) Within two (2) Business Days of the date hereof (the “**Filing Date**”), the Agent, on behalf of the Senior Lenders, shall send to the LP Entities (with a copy to the Monitor):
  - (i) a notice substantially in the form attached as Schedule “C” hereto, setting out based upon its records: (x) the aggregate Principal amount of the Senior Secured Claims owing directly by each of the LP Entities under the Senior Credit Agreement as at the Filing Date (the “**Syndicate Claims**”) and (y) each Senior Lender’s pro rata share of the Syndicate Claims as at the Filing Date (all of which shall constitute, the “**Notice of Claim - Syndicate Claims and Pro Rata Notice**”).
  - (ii) concurrently with the delivery of the Notice of Claim - Syndicate Claims and Pro Rata Notice to the LP Entities, the Agent shall post a copy of the Notice of Claim - Syndicate Claims and Pro Rata Notice to one of the IntraLinks websites (the “**Senior Lenders Website**”) maintained by the Agent for the benefit of the Senior Lenders.
- (b) The LP Entities shall within five (5) Business Days of receipt of the Notice of Claim - Syndicate Claims and Pro Rata Notice advise the Monitor (with a copy to the Agent) whether the amounts set out therein are consistent with their books and records. If the LP Entities fail to file a notice of dispute substantially in the form attached as Schedule “D” hereto (a “**Notice of Dispute - Syndicate Claims and Pro Rata Notice**”), within the five (5) day period noted above, then the LP Entities shall be deemed to have confirmed the amounts set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice.
- (c) Each of the Senior Lenders holding Syndicate Claims shall within five (5) Business Days of the posting of the Notice of Claim - Syndicate Claims and Pro Rata Notice to the Senior Lenders Website advise the Monitor (with a copy to the Agent) whether such Senior Lender’s pro rata share of the Syndicate Claims set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice is accurate. If a Senior Lender fails to file a Notice of Dispute - Syndicate Claims and Pro Rata Notice within the five (5) day period noted above then such Senior Lender shall be deemed to have confirmed

its pro rata share of the Syndicate Claims as set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice is accurate.

- (d) If the amount of a Senior Lender's Syndicate Claim is: (i) confirmed by the LP Entities pursuant to paragraph 68(b); and (ii) confirmed by such Senior Lender pursuant to paragraph 68(c), then the amount designated in the Notice of Claim - Syndicate Claims and Pro Rata Notice to be such Senior Lender's pro rata share of the Syndicate Claims shall be deemed to be finally determined ("**Finally Determined**") and accepted as the Proven Principal Claim of such Senior Lender for the purposes of voting and for calculating the entitlement to distribution under the Senior Lenders CCAA Plan in respect of the Syndicate Claims.
- (e) Within two (2) Business Days of the Filing Date, the LP Entities shall send to each holder of a Senior Secured Claim under or pursuant to one or more Hedging Agreements (each, a "**Hedging Creditor**") (with a copy to the Monitor and the Agent) a notice, substantially in the form attached as Schedule "E" hereto, setting out the Principal amount of such Hedging Creditor's Senior Secured Claim owing directly by each of the LP Entities and the rate of interest payable on such Principal amount (each, a "**Notice of Claim - Hedging Agreements**").
- (f) Each Hedging Creditor shall within five (5) Business Days of receipt of their respective notices confirm to the Monitor whether the amounts and interest rate set out therein are accurate.
- (g) If the Principal amount and interest rate set out in a Notice of Claim - Hedging Agreements is confirmed by the specified Hedging Creditor or if such Hedging Creditor does not deliver a notice of dispute substantially in the form attached as Schedule "F" hereto (a "**Notice of Dispute - Hedging Agreements**") within five (5) Business Days of receipt of such Notice of Claim - Hedging Agreements, then the Principal amount set out in such Notice of Claim - Hedging Agreements shall be deemed to be Finally Determined and accepted as the Proven Principal Claim of such Hedging Creditor for the purposes of voting and for calculating the entitlement to distributions under the Senior Lenders CCAA Plan and the interest rate set out in the Notice of Claim - Hedging Agreements shall be deemed to be the proper interest rate

for the purposes of calculating the entitlement to distributions under the Senior Lenders CCAA Plan.

- (h) Within five (5) Business Days of receipt (or posting on the Senior Lenders Website) of either the Notice of Claim - Syndicate Claims and Pro Rata Notice or a Notice of Claim - Hedging Agreements, as the case may be, a Senior Lender holding a Syndicate Claim, the LP Entities or a Hedging Creditor (in such circumstances a "Disputing Claimant") may deliver a Notice of Dispute - Syndicate Claims and Pro Rata Notice or a Notice of Dispute - Hedging Agreements to the Monitor (with a copy to the Agent in respect of a Notice of Dispute - Syndicate Claims and Pro Rata Notice) as follows:
- (i) the LP Entities or a Senior Lender holding a Syndicate Claim may deliver a Notice of Dispute - Syndicate Claims and Pro Rata Notice indicating that they dispute the amount set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice. If a Notice of Dispute - Syndicate Claims and Pro Rata Notice is delivered pursuant to the preceding sentence, then the applicable Senior Lender, the Monitor, the LP Entities and the Agent shall have three (3) Business Days to reach an agreement in writing as to the Principal amount of the Senior Secured Claim that is subject to the Notice of Dispute - Syndicate Claims and Pro Rata Notice, in which case such agreement shall govern and the Principal amount of such Senior Secured Claim as agreed shall be deemed to be Finally Determined and accepted as the Senior Lender's Proven Principal Claim for the purposes of voting and for calculating the entitlement to distributions under the Senior Lenders CCAA Plan in respect of the Syndicate Claims.
  - (ii) a Hedging Creditor may deliver a Notice of Dispute - Hedging Agreements indicating that it disputes the amount or interest rate set out in its Notice of Claim - Hedging Agreements. If a Notice of Dispute - Hedging Agreements is delivered pursuant to the preceding sentence, then the Monitor, the LP Entities and the Agent and the particular Hedging Creditor shall have three (3) Business Days to reach an agreement in writing as to the Principal amount of, and/or interest rate applicable to the Senior Secured Claim that is subject to the Notice of Dispute - Hedging Agreements, in which case such agreement shall govern and the Principal amount as agreed shall be deemed to be Finally Determined and accepted as the Proven Principal Claim of such Hedging Creditor for the purposes of voting and for calculating the entitlement to distributions under the Senior Lenders CCAA Plan and the interest rate, as agreed, shall be deemed to be the proper interest rate for the purposes of calculating the entitlement to distributions under the Senior Lenders CCAA Plan.

- (i) If a Notice of Dispute - Syndicate Claims and Pro Rata Notice or a Notice of Dispute - Hedging Agreements is unable to be resolved in the manner and within the time period set out in paragraph 68(h) above, then the Claim of such Disputing Claimant shall be determined by the Court on a motion for advice and directions brought by the Monitor (the "**Dispute Motion**") on notice to all interested parties. The Monitor and the Disputing Claimant shall each use reasonable efforts to have the Dispute Motion, and any appeals therefrom, disposed of on an expedited basis with a view to having the Claim of the Disputing Claimant Finally Determined on a timely basis.
- (j) If the Principal amount of a Senior Secured Claim held by a Senior Lender is the subject of a Notice of Dispute - Syndicate Claims and Pro Rata Notice and is not Finally Determined on or before the second Business Day immediately prior to the day of the Senior Lenders Meeting, then for the purposes of voting, such a Senior Lender shall be deemed to have an accepted Senior Secured Claim for voting purposes (an "**Accepted Voting Claim**") equal to the amount of its pro rata share of the Syndicate Claims set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice.
- (k) If the Principal amount of a Senior Secured Claim held by a Hedging Creditor is the subject of a Notice of Dispute - Hedging Agreements and is not Finally Determined on or before the second Business Day immediately prior to the day of the Senior Lenders Meeting, then for the purposes of voting, such a Hedging Creditor shall be deemed to have an Accepted Voting Claim equal to the amount set out in its Notice of Claim - Hedging Agreements.

69. **THIS COURT ORDERS** that any Senior Lender, who asserts that its Senior Secured Claim as at the Filing Date includes a claim or claims for amounts in addition to a claim for Principal (an "**Additional Claim**"), shall notify the Monitor (with a copy to the Agent and the LP Entities), of such Additional Claim and the amount of such Additional Claim within ten (10) Business Days of the Filing Date. If no such notice is received by the Monitor within ten (10) Business Days of the Filing Date, such Senior Lender's Additional Claim shall be and is hereby forever extinguished and barred.

70. **THIS COURT ORDERS** that, for the purposes of calculating Senior Secured Claims for voting and distribution purposes, Senior Secured Claims denominated in US dollars shall be converted into Canadian dollars at the Bank of Canada United States/Canadian Dollar noon exchange rate in effect on the date of the Initial Order.

71. **THIS COURT ORDERS** that the Agent shall post a copy of this Order on the Senior Lenders Website within two (2) Business Days of the making of the Order.

#### **PART IV – SENIOR LENDERS MEETING**

##### **THE SENIOR LENDERS MEETING**

72. **THIS COURT ORDERS** that the holding and conduct of a meeting of the Senior Lenders on January 27, 2010 for the purpose of voting on, with or without variation, a resolution to approve the Senior Lenders CCAA Plan (the “**Senior Lenders Meeting**”) is hereby authorized.

73. **THIS COURT ORDERS** that an officer of the Monitor shall preside as the chair of the Senior Lenders Meeting (the “**Chair**”) and, subject to this Order and any further order of this Court, shall decide all matters relating to the conduct of the Senior Lenders Meeting.

74. **THIS COURT ORDERS** that the Chair is authorized to adjourn the Senior Lenders Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair deems necessary or desirable (without the need to first convene the Senior Lenders Meeting for the purpose of adjournment). Notice of such adjourned date shall be posted on the Monitor’s website and there shall be no requirement to provide any other notice.

75. **THIS COURT ORDERS** that the only persons entitled to attend the Senior Lenders Meeting shall be the LP Entities, the Monitor, the LP CRA, the Agent and the Senior Lenders entitled to vote at the Senior Lenders Meeting (including, for the purposes of attendance, speaking and voting, their respective proxy holders) and their respective legal counsel. Any other person may be admitted to the Senior Lenders Meeting by the Chair or the LP Entities.

76. **THIS COURT ORDERS** that the only Persons entitled to vote at the Senior Lenders Meeting are Senior Lenders holding Proven Principal Claims or Accepted Voting Claims (collectively “**Accepted Senior Voting Claims**”) on the second Business Day immediately prior to the day of the Senior Lenders Meeting.



77. THIS COURT ORDERS that record date (the "Record Date") for the purposes of voting on the Senior Lenders CCAA Plan shall be the date hereof.

78. THIS COURT ORDERS that if, after the Record Date, the holder of a Senior Secured Claim on the Record Date, or any subsequent holder of the whole of a Senior Secured Claim who has been acknowledged by the Monitor as the Senior Lender (as disclosed in either the Notice of Claim - Syndicate Claims and Pro Rata Notice or an applicable Notice of Claim - Hedging Agreements) in respect of such Senior Secured Claim, transfers or assigns the whole of such Senior Secured Claim to another Person, the Agent, the LE Entities and the Monitor shall not be obligated to give notice to or to otherwise deal with a transferee or assignee of a Senior Secured Claim as the Senior Lender for the purposes of such Person's entitlement to vote at the Senior Lenders Meeting.

#### CLASSIFICATION OF CREDITORS AND VOTING

79. THIS COURT ORDERS that for the purpose of voting on the Senior Lenders CCAA Plan there shall be one class of creditors constituted by the Senior Lenders holding Accepted Senior Voting Claims.

80. THIS COURT ORDERS that the quorum required at the Senior Lenders Meeting shall be one Senior Secured Creditor holding an Accepted Senior Voting Claim present at the Senior Lenders Meeting in person or by proxy. If the requisite quorum is not present at the Senior Lenders Meeting, then the Senior Lenders Meeting shall be adjourned by the Chair to such time, date and place as the Chair deems necessary or desirable.

81. THIS COURT ORDERS that the Chair shall direct a vote with respect to a resolution to approve the Senior Lenders CCAA Plan and containing such other related provisions as the Agent, in consultation with the Monitor, may consider appropriate.

82. THIS COURT ORDERS that if any matter other than those referred to in paragraph 81 arises at the Senior Lenders Meeting and requires a vote, such vote shall be conducted in the manner decided by the Chair, and (i) if the Chair decides to conduct such vote by way of show of hands, the vote shall be decided by a majority of the votes given on a show of hands, and (ii) if the Chair decides to conduct such vote by written ballot, the vote shall be decided by a majority in number of Senior Lenders holding Accepted Senior Voting Claims and representing a two-

thirds majority in value of the Accepted Senior Voting Claims present and voting at the Senior Lenders Meeting (the "Required Majority").

83. THIS COURT ORDERS that the Monitor is authorized to accept and rely upon a proxy submitted in the form attached hereto as Schedule "G", or such other form of proxy as is acceptable to the Monitor, and received by the Monitor by 5:00 p.m. (Toronto time) on January 25, 2010 or 2 days prior to any adjournment of the Senior Lenders Meeting.

84. THIS COURT ORDERS that following the vote at the Senior Lenders Meeting, the Monitor shall tally the votes and determine whether the Senior Lenders CCAA Plan has been accepted by the Required Majority and how the result of the votes, for and against the Senior Lenders CCAA Plan, would have been affected if Senior Lenders had been allowed to vote in respect of the portion of any Senior Secured Claim, including, for greater certainty, any Additional Claim, that had not been Finally Determined at the time of the Senior Lenders Meeting (the "Unresolved Senior Claims").

85. THIS COURT ORDERS that the result of any vote at the Senior Lenders Meeting shall be binding on all Persons affected by the Senior Lenders CCAA Plan, whether or not any such Person is present at the Senior Lenders Meeting.

#### NOTICE OF SENIOR LENDERS MEETING

86. THIS COURT ORDERS that on or before January 12, 2010, the Monitor shall deliver the following documents (collectively, the "Meeting Materials") to the Agent and the Agent shall forthwith post such documents on the Senior Lenders Website:

- (a) A Notice of Senior Lenders Meeting, substantially in the form attached hereto as Schedule "H";
- (b) A copy of this Order;
- (c) A copy of the Senior Lenders CCAA Plan, as amended; and
- (d) A form of proxy for use at the Senior Lenders Meeting, substantially in the form attached hereto as Schedule "G";

87. THIS COURT ORDERS that on or before January 12, 2010, the Monitor shall post the Meeting Materials on the Monitor's website at: [<http://cfcanada.fticonsulting.com/clp>].

88. THIS COURT ORDERS that service of a copy of the Meeting Materials upon the Senior Lenders in the manner set out in paragraph 86 shall constitute good and sufficient service of the Senior Lenders CCAA Plan and this Order and good and sufficient notice of the Senior Lenders Meeting on all the Senior Lenders who may be entitled to receive notice thereof, or of these proceedings, and no other document or material need be served on any Persons in respect of these proceedings.

#### **SANCTION HEARING AND ORDER**

89. THIS COURT ORDERS that the Monitor shall file a report to this Court by no later than February 5, 2010, with respect to the results of the vote, including whether:

- (a) the Senior Lenders CCAA Plan was approved by the Required Majority; and
- (b) the votes, for and against the Senior Lenders CCAA Plan, that were cast by Senior Lenders holding Unresolved Senior Claims would affect the result of the vote on the Senior Lenders CCAA Plan.

90. THIS COURT ORDERS that if the approval or non-approval of the Senior Lenders CCAA Plan would be altered by the votes in respect of Unresolved Senior Claims, the Monitor shall, in consultation with the LP Entities and the Agent, request the direction of the Court.

91. THIS COURT ORDERS that if the Senior Lenders CCAA Plan has been accepted by the Required Majority, the LP Entities shall bring a motion seeking the Sanction Order (the "Sanction Hearing") on a date to be determined by the Monitor in accordance with the SISP and in consultation with the LP CRA and the Agent, or such other date as the Court may set.

92. THIS COURT ORDERS that service of the Meeting Materials and this Order pursuant to paragraphs 86 and 96 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who are entitled to receive such service and no other form of service need be made and no other materials need be served on any Person in respect of the Sanction Hearing.

93. THIS COURT ORDERS that any Person intending to object to the motion seeking the Sanction Order shall serve on counsel to the Monitor, the Agent and the LP Entities and those persons listed on the LP Entities' service list and file with the Court no later than three days before the Sanction Hearing a written notice containing a description of its proposed grounds of contestation.

94. THIS COURT ORDERS that in the event that the Sanction Hearing is adjourned, only those Persons who have filed and served a Notice of Appearance herein are required to be served with notice of the adjourned date.

#### SERVICE AND NOTICE

95. THIS COURT ORDERS that the LP Entities and the Monitor shall (i) without delay, publish, in each of the National Post, the Globe and Mail and La Presse newspapers, one notice containing the information prescribed under the CCAA, (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the LP Entities of more than \$5,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims (other than in respect of Senior Lenders holding Senior Secured Claims, as contemplated by the LP Support Agreement), and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the names and addresses of individual creditors publicly available.

96. THIS COURT ORDERS that the LP Entities and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the LP Entities' creditors or other interested parties at their respective addresses as last shown on the records of the LP Entities and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

97. THIS COURT ORDERS that the LP Entities, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at <http://cfcanada.fticonsulting.com/clp>.

#### GENERAL

98. THIS COURT ORDERS that the LP Entities, the Monitor or the Agent may from time to time apply to this Court for advice and directions in connection with, *inter alia*, the discharge of powers and duties hereunder.

99. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the LP Entities, the LP Business or the LP Property.

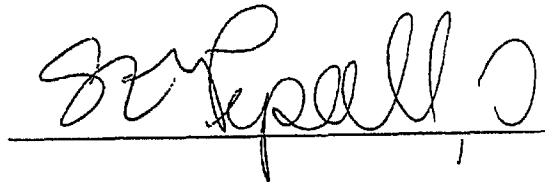
100. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the LP Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the LP Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the LP Entities and the Monitor and their respective agents in carrying out the terms of this Order.

101. THIS COURT ORDERS that each of the LP Entities and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

102. THIS COURT ORDERS that any interested party (including the LP Entities, the Monitor and the Agent) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided however that the LP DIP Lenders shall be entitled to rely on this Order as issued for all advances made under the Commitment Letter and the LP DIP Definitive Documents up to and including the date this Order may be varied or amended.

103. THIS COURT ORDERS that, notwithstanding the immediately preceding paragraph, no order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the Commitment Letter or the LP DIP Definitive Documents, unless notice of a motion for such order is served on the Monitor and the LP Entities, the Agent and the LP DIP Lenders returnable no later than February 11, 2010.

104. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JAN 15 2010

PER / PAR: JSN Joanne Nicoara  
Registrar, Superior Court of Justice

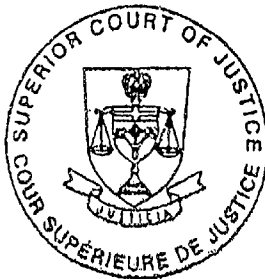
# APPENDIX "B"

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MADAM )  
JUSTICE PEPALL )

Tuesday THE 2  
DAY OF FEBRUARY, 2010

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



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

STAY EXTENSION ORDER AND ORDER AMENDING THE INITIAL ORDER AND  
THE PROCEDURES FOR THE SALE AND INVESTOR SOLICITATION PROCESS

THESE MOTIONS, made by the Applicants for an extension of the Stay Period and other relief, and by the Ad Hoc Committee of 9.25% Senior Subordinated Noteholders (the "Ad Hoc Committee") for amendments to the Sale and Investor Solicitation Process and other relief, were heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Thomas C. Strike sworn January 27, 2010 and the Exhibits thereto, the affidavit of Ted S. Lodge sworn January 27, 2010 and the Exhibits thereto, the affidavit of Mark Hootnick sworn January 27, 2010 and the Exhibits thereto and the report of FTI Consulting Canada Inc. (the "Report") in its capacity as the monitor appointed in these proceedings (the "Monitor"), and on hearing the submissions of counsel for the Applicants and Canwest Limited Partnership / Canwest Societe en Commandite (the "Limited Partnership"), the Monitor, The Bank of Nova Scotia in its capacity as Administrative Agent (the "Agent") for the senior lenders to the Limited Partnership (collectively, the "Senior Lenders") and the Ad



Hoc Committee, no one appearing for anyone else on the service list although served as appears from the Affidavit of Service, filed and on being advised of the consent of the Ad Hoc Committee to (i) the relief set out in paragraph 4 of this Order, and (ii) the form of Schedule "A" hereto,

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Report and the Motion Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the Stay Period as defined in Paragraph 21 of the Order of this Honourable Court made in these proceedings on January 8, 2010 (the "Initial Order") be and is hereby extended to and including April 14, 2010.

3. THIS COURT ORDERS that paragraph 12 of the Initial Order be and is amended so that it reads as follows:

12. THIS COURT ORDERS that, subject to availability under the LP DIP Facility, subject to the LP DIP Definitive Documents and the LP Support Agreement, and subject to the Approved Cash Flow, the LP Entities shall be entitled but not required to make available to National Post Inc. (formerly known as 4513401 Canada Inc.) secured revolving loans pursuant to the terms of the NP Intercompany Loan Agreement as defined and described in greater detail in the Strike Affidavit, as same may be amended from time to time with the consent of the Agent, acting in consultation with the Steering Committee, the LP CRA and the Monitor.

4. THIS COURT ORDERS that Schedule "A" to the Initial Order as issued and entered on January 8, 2010 is removed and replaced with the amended version of the Procedures for the Sale and Investor Solicitation Process that is attached as Schedule "A" to this Order.

5. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

FEB 02 2010

PER / PAR: 

  
Joanne Nicora  
Registrar, Superior Court of Justice

## Schedule "A"

### Procedures for the Sale and Investor Solicitation Process

On January 8, 2010, Canwest Publishing Inc. / Publications Canwest Inc. ("CPI"), Canwest (Canada) Inc. and Canwest Books Inc. (the "Applicants") obtained an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act* ("CCAA") from the Ontario Superior Court of Justice (the "Court"). The Initial Order also applies to Canwest Limited Partnership/Canwest Societe en Commandite (the "Limited Partnership", which together with the Applicants make up the "LP Entities"). As part of the Initial Order, the Court: (i) approved the Sale and Investor Solicitation Process (the "SISP") set forth herein to determine whether a Successful Bid (as defined below) can be obtained; and (ii) authorized CPI and the Limited Partnership to file the Senior Lenders CCAA Plan, pursuant to which, if there is no Successful Bid, 7272049 Canada Inc. ("AcquireCo") will acquire certain assets and assume certain liabilities of CPI (the "Credit Acquisition").

Set forth below are the procedures (the "SISP Procedures") to be followed with respect to a sale and investor solicitation process to be undertaken to seek a Successful Bid, and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

### Defined Terms

All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order or in the Senior Lenders CCAA Plan, attached to the Initial Order. In addition, in these SISP Procedures:

"**CCAA Senior Lender Approval**" means a formal vote of the Senior Lenders under the CCAA, pursuant to which super majority approval of the Senior Lenders as required by the CCAA, being 66.7% by Cdn\$ and an absolute majority in number of the Senior Lenders that vote, is obtained;

"**Senior Secured Claims Amount**" means the aggregate amount owing (whether for principal, interest, fees, recoverable costs or otherwise) to the Senior Lenders and the Agent, as at the date upon which the transactions contemplated by the Successful Bid, if any, are completed, under:

- (i) the Senior Credit Agreement;
- (ii) all Hedging Agreements; and
- (iii) the LP Support Agreement,

in each case calculated based on the deemed conversion of claims denominated in US Dollars to Canadian Dollars on the Filing Date;

"**Superior Cash Offer**" means a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Senior Lenders on closing of the transaction contemplated by the offer of the Senior Secured Claims Amount less a discount of Cdn \$25 million calculated as of the date of such closing (the "**Reference Amount**");

**"Superior Alternative Offer"** means a credible, reasonably certain and financially viable offer for the purchase of all or substantially all of the LP Property (for greater certainty, including any such offer where the cash component available for distribution to the Senior Lenders upon closing, if any, is less than the Reference Amount) or a reorganization of the LP Plan Entities, in each case approved by a CCAA Senior Lender Approval; and

**"Superior Offer"** means either a Superior Cash Offer or a Superior Alternative Offer.

#### **Solicitation Process**

The SISP Procedures set forth herein describe, among other things, the LP Property available for sale and the opportunity for an investment in the LP Business, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the LP Property and the LP Business, the manner in which bidders and bids become Qualified Bidders (as defined below) and Qualified Bids (as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the Court's approval thereof (collectively, the **"Solicitation Process"**). The Monitor shall supervise the SISP Procedures and in particular shall supervise the Financial Advisor in connection therewith. The LP Entities are required to assist and support the efforts of the Monitor, the Financial Advisor, and the LP CRA as provided for herein. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve such dispute.

#### **Sale and Investment Opportunity**

A Confidential Information Memorandum describing the opportunity to acquire all or substantially all of the LP Property or invest in the LP Entities will be made available by the Financial Advisor to prospective purchasers or prospective strategic or financial investors that have executed a confidentiality agreement with the LP Entities. One or more Qualified Non-Binding Indications of Interest (as defined below) for less than substantially all of the LP Property will not be precluded from consideration as a Superior Cash Offer or Potential Superior Alternative Offer (as defined below).

#### **"As Is, Where Is"**

The sale of the LP Property or investment in the LP Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the LP Entities or any of their agents or estates, except to the extent set forth in the relevant sale or investment agreement with a Successful Bidder.

#### **Free Of Any And All Claims And Interests**

In the event of a sale, all of the rights, title and interests of the LP Entities in and to the LP Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the **"Claims and Interests"**) pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such LP Property (without prejudice to any claims or

causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

An investment in the LP Entities may, at the option of the Successful Bidder, include one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the LP Entities as a going concern; a sale of LP Property to a newly formed acquisition entity on terms described in the above paragraph; or a plan of compromise or arrangement pursuant to the CCAA or any applicable corporate legislation which compromises the Claims and Interests as set out therein.

### **Phase 1 - Initial Timing**

For a period of approximately eight weeks following the date of the Initial Order, or for such shorter period as the Monitor, in consultation with the Financial Advisor and the LP CRA, may determine appropriate ("Phase 1"), the Financial Advisor (with the assistance of the LP CRA and under the supervision of the Monitor and in accordance with the terms of the Initial Order) will solicit non-binding indications of interest from prospective strategic or financial parties to acquire the LP Property or to invest in the LP Entities (the "Non-Binding Indications of Interest").

### **Publication Notice**

As soon as reasonably practicable after the granting of the Initial Order approving these SISP Procedures, but in any event no more than three (3) Business Days after the issuance of the Initial Order, the Monitor shall cause a notice of the sale and investor solicitation process contemplated by these SISP Procedures and such other relevant information which the Monitor, in consultation with the Financial Advisor, considers appropriate to be published in the National Post (National Edition). At the same time, the LP Entities shall issue a press release setting out the notice and such other relevant information in form and substance satisfactory to the Monitor, following consultation with the Financial Advisor, with Canada Newswire designating dissemination in Canada and major financial centres in the United States, Europe and Asia Pacific.

### **Participation Requirements**

Unless otherwise ordered by the Court or as otherwise determined by the Monitor (in consultation with the Financial Advisor, the LP CRA and the Agent), in order to participate in the Solicitation Process, each person (a "Potential Bidder") must deliver to the Financial Advisor at the address specified in Schedule "1" hereto (including by email or fax transmission):

- (a) prior to the distribution of any confidential information by the Financial Advisor to a Potential Bidder (including the Confidential Information Memorandum), an executed confidentiality agreement in form and substance satisfactory to the Monitor, the Financial Advisor, the LP CRA and the LP Entities, which shall inure to the benefit of any purchaser of the LP Property or any investor in the LP Business. At the request of a Potential Bidder, the Confidential Information Memorandum shall also be provided to a proposed lender of such Potential Bidder that: (i) is reasonably acceptable to the

Financial Advisor; and (ii) executes a confidentiality agreement in form and substance satisfactory to the Monitor, the Financial Advisor, the LP CRA and the LP Entities; and

(b) on or prior to the Phase I Bid Deadline, as defined below, specific indication of the anticipated sources of capital for the Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor, the Financial Advisor, the LP CRA and the Agent and each of their respective legal and financial advisors, to make, in their reasonable business or professional judgment, a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the transaction.

A Potential Bidder that has executed a confidentiality agreement, as described above, and delivers the documents described above, whose financial information and credit quality support or enhancement demonstrate to the satisfaction of the Monitor, in its reasonable business judgment, the financial capability of the Potential Bidder to consummate a transaction, and that the Monitor determines, in its reasonable business judgment, after consultation with the Financial Advisor, the LP CRA and the Agent is likely (based on availability of financing, experience and other considerations) to be able to consummate a Sale Proposal (as defined below) or an Investment Proposal (as defined below) will be deemed a "Qualified Bidder".

The determination as to whether a Potential Bidder is a Qualified Bidder will be made as promptly as practicable after a Potential Bidder delivers all of the materials required above. If it is determined that a Potential Bidder is a Qualified Bidder, the Financial Advisor will promptly notify the Potential Bidder that it is a Qualified Bidder.

#### Due Diligence

The Financial Advisor shall provide any person seeking to become a Qualified Bidder that has executed a confidentiality agreement with a copy of the Confidential Information Memorandum. The Monitor, the Financial Advisor, the LP CRA and the LP Entities make no representation or warranty as to the information contained in the Confidential Information Memorandum or the information to be provided through the due diligence process in Phase 2 or otherwise, except, in the case of the LP Entities, to the extent otherwise contemplated under any definitive sale or investment agreement with a Successful Bidder executed and delivered by the LP Entities.

#### Phase 1

##### Seeking Non-Binding Indications of Interest by Qualified Bidders

A Qualified Bidder that desires to participate in Phase 1 shall deliver written copies of a non-binding indication of interest to the Financial Advisor, at the address specified in Schedule "1" hereto (including by email or fax transmission), so as to be received by it not later than March 5, 2010 at 5:00 PM (Toronto time), or such other date or time as may be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent (the "Phase 1 Bid Deadline").

**Non-Binding Indications of Interest by Qualified Bidders**

A non-binding indication of interest submitted will be considered a Qualified Non-Binding Indication of Interest only if the bid is submitted on or before the Phase 1 Bid Deadline by a Qualified Bidder (pursuant to the criteria indicated above) and contains the following information (a "Qualified Non-Binding Indication of Interest"):

(a) An indication of whether the Qualified Bidder is offering to (i) acquire all or substantially all of the LP Property (a "Sale Proposal") or (ii) make an investment in the LP Entities (an "Investment Proposal");

(b) In the case of a Sale Proposal: it shall identify (i) the purchase price range (including liabilities to be assumed by the Qualified Bidder); (ii) any of the LP Property expected to be excluded or any additional assets desired to be included; (iii) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and any related contingencies, as applicable); (iv) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals; (v) additional due diligence required or desired to be conducted during Phase 2 (defined below), if any; (vi) any conditions to closing that the Qualified Bidder may wish to impose; (vii) any other terms or conditions of the Sale Proposal which the Qualified Bidder believes are material to the transaction; and (viii) whether, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be "Canadian issues" of "Canadian newspapers" as defined in the *Income Tax Act* (Canada); and

(c) In the case of an Investment Proposal, it shall identify: (i) the direct or indirect investment target, whether the Limited Partnership or CPI or both; (ii) the aggregate amount of the equity and debt investment (including, the sources of such capital, preliminary evidence of the availability of such capital and the steps necessary and associated timing to obtain the capital and any related contingencies, as applicable) to be made in the LP Business; (iii) the underlying assumptions regarding the pro forma capital structure (including, the anticipated debt levels, debt service fees, interest and amortization); (iv) equity, if any, to be allocated to the Senior Secured Claims or to any other secured or unsecured creditors of the LP Entities; (v) the structure and financing of the transaction (including, but not limited to, whether and what portion of the Senior Secured Claims Amount is proposed to be paid on closing and all requisite financial assurance); (vi) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction, the anticipated time frame and any anticipated impediments for obtaining such approvals; (vii) additional due diligence required or desired to be conducted during Phase 2, if any; (viii) any conditions to closing that the Qualified Bidder may wish to impose; (ix) any other terms or conditions of the Investment Proposal which the Qualified Bidder believes are material to the transaction; and (x) whether, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be "Canadian issues" of "Canadian newspapers" as defined in the *Income Tax Act* (Canada).

(d) In the case of a Sale Proposal or an Investment Proposal, it shall contain such other information reasonably requested by the Financial Advisor, in consultation with the LP CRA and the Agent.

Unless the Qualified Bidder otherwise indicates in its Sale Proposal or Investment Proposal, as the case may be, it shall be assumed for purposes of assessing the proposal that (i) substantially all of the employees of the LP Entities will become employees of the Qualified Bidder or remain employees of the LP Entities, as the case may be, and the proposed terms and conditions of employment to be offered to those employees will be substantially similar to their existing terms and conditions of employment; and (ii) all pension liabilities and assets related to any employees currently covered under any registered pension or retirement income plan or any post-retirement benefit plan will be assumed or purchased, as applicable, by the Qualified Bidder or will remain liabilities and assets of the LP Entities, as the case may be.

The Monitor, in consultation with the Financial Advisor and the LP CRA, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Non-Binding Indication of Interest, but only with the prior consent of the Agent, acting in consultation with the Steering Committee. Copies of all Qualified Non-Binding Indications of Interest shall be provided to the Agent on terms that permit the Agent to consult with respect thereto with the Steering Committee and other Senior Lenders on a confidential basis, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Non-Binding Indications of Interest until after the conduct of the vote on the Senior Lenders CCAA Plan.

### **Assessment of Qualified Non-Binding Indications of Interest**

#### *I - Advance to Phase 2*

Within the one week period following the Phase 1 Bid Deadline, or by such other later date as may be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent, the Monitor will, in consultation with the Financial Advisor, the LP CRA and the Agent, assess the Qualified Non-Binding Indications of Interest received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining either (a) one or more Superior Cash Offers; or (b) one or more Superior Alternative Offers (if prior to closing approved by CCAA Senior Lender Approval) that could generate value for the general unsecured creditors of the LP Entities. If the Monitor determines that there is such a reasonable prospect, the Monitor will recommend to the Special Committee that the SISP continue for a further seven weeks in accordance with these SISP Procedures ("Phase 2"). If the Special Committee accepts such recommendation, the SISP will immediately thereafter continue to Phase 2. If the Special Committee does not accept such recommendation, the Monitor will report to the Court that the Special Committee does not accept such recommendation, and will seek advice and directions from the Court with respect to the SISP.

If the SISP does not proceed to Phase 2 under the prior paragraph, the Monitor will forthwith advise the Agent and thereafter consult with the Agent, the LP CRA and the Financial Advisor to assess whether there is a reasonable prospect of a Qualified Non-Binding Indication of Interest resulting in a Superior Alternative Offer (a "Potential Superior Alternative Offer").

If the Monitor determines that there is a Potential Superior Alternative Offer, the Monitor will forthwith so advise the Agent. If CCAA Senior Lender Approval has been obtained for the Senior Lenders CCAA Plan, and if the Agent, acting in consultation with the Steering Committee, considers it highly unlikely that the Potential Superior Alternative Offer would receive CCAA Senior Lender Approval, it may elect, by notice to the Monitor, for a delay of two weeks to consult with relevant Senior Lenders. If within those two weeks, the Agent provides satisfactory written confirmation to the Monitor that Senior Lenders holding more than 33.3% of the Senior Secured Claims do not support pursuing the Potential Superior Alternative Offer, it shall be deemed that there is no reasonable prospect of the Potential Superior Alternative Offer resulting in a Superior Alternative Offer. If the Agent does not so notify the Monitor within such period, the SISP will proceed to Phase 2.

### *II. Terminate SISP*

The Monitor shall recommend to the Special Committee that the SISP be terminated at the end of Phase 1 if:

1. no Qualified Non-Binding Indication of Interest is received by the Financial Advisor;
- or
2. the Monitor determines that there is no reasonable prospect that any Qualified Non-Binding Indication of Interest received will result in a Superior Cash Offer or in a Superior Alternative Offer.

If the Special Committee does not accept the Monitor's recommendation to terminate the SISP at the end of Phase 1, the Monitor shall advise the Court and seek advice and directions of the Court with respect to the SISP. If the SISP is terminated pursuant to the Monitor's recommendation or pursuant to Court Order, the LP Entities shall promptly, and if they do not, the Agent may: (i) apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order and (ii) take steps to complete the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Acquisition and Assumption Agreement between Acquireco and the LP Entities (the "Credit Acquisition Agreement"), and (c) the LP Support Agreement made among the LP Entities and the Agent dated January 8, 2010 (the "LP Support Agreement"). The Financial Advisor shall also notify each Qualified Bidder that submitted a Qualified Non-Binding Indication of Interest that the SISP has been terminated.

### Phase 2

#### Seeking Qualified Bids by Qualified Bidders

At the outset of Phase 2, the Monitor shall, in its reasonable business judgment, in consultation with the Financial Advisor, the LP CRA and the Agent, recommend to the Special Committee whether any Qualified Bidders should be eliminated from the SISP (the "Elimination Recommendation"). If the Special Committee disagrees with the Elimination Recommendation, the Monitor shall advise the Court and seek advice and directions of the Court with respect to the SISP.



During Phase 2, each Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and, at the request of such a Qualified Bidder, a proposed lender of such Qualified Bidder that: (i) is reasonably acceptable to the Financial Advisor; and (ii) executes a confidentiality agreement in form and substance satisfactory to the Monitor, the Financial Advisor, the LP CRA and the LP Entities, shall have such due diligence access to materials and information relating to the LP Property and the LP Business as the Financial Advisor, in its reasonable business judgment, in consultation with Monitor, deems appropriate, having regard to the advance to Phase 2 and the requirements of a Qualified Purchase Bid (defined below) and a Qualified Investment Bid (defined below), including, as appropriate, meetings with senior management of the LP Entities and facility tours.

A Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and which desires to participate in Phase 2 will deliver written copies of a Qualified Purchase Bid or a Qualified Investment Bid to the Financial Advisor at the address specified in Schedule "1" hereto (including by email or fax transmission) so as to be received by it not later than 5:00 pm (Toronto time) on the date which is seven (7) weeks following the commencement of Phase 2, or such other date or time as may be agreed by the Financial Advisor, in consultation with the Monitor and the LP CRA, and the Agent (the "Phase 2 Bid Deadline").

#### Qualified Purchase Bids

A bid submitted to acquire all or substantially all of the LP Property will be considered a Qualified Purchase Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding Indication of Interest on or before the Phase 1 Bid Deadline, (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures and (iii) and the bid complies with all of the following (a "Qualified Purchase Bid"):

(a) it includes a letter stating that the bidder's offer is irrevocable until the earlier of (x) the selection of the Successful Bidder and (y) thirty (30) days following the Phase 2 Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the sale to the Successful Bidder;

(b) it includes a duly authorized and executed purchase agreement, including the purchase price for assets proposed to be acquired expressed in Canadian dollars (the "Purchase Price"), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements);

(c) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by the bid;

(d) it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining financing;

(e) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;

(f) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement;

(g) it includes evidence, in form and substance reasonably satisfactory to the Monitor: (i) of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid and (ii) that, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be "Canadian issues" of "Canadian newspapers" as defined in the *Income Tax Act* (Canada);

(h) it is accompanied by a refundable deposit (the "Deposit") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to Cdn\$10 million to be held and dealt with in accordance with these SISP Procedures;

(i) it (i) contains full details of the proposed number of employees of the LP Entities who will become employees of the bidder and the proposed terms and conditions of employment to be offered to those employees and (ii) identifies any pension liabilities and assets related to any employees currently covered under any registered pension or retirement income plan who will become employees of the bidder that the bidder intends to assume or purchase;

(j) it contains other information reasonably requested by the Financial Advisor, in consultation with the Monitor, the LP CRA and the Agent; and

(k) it is received by the Phase 2 Bid Deadline.

#### **Qualified Investment Bids**

A bid submitted to make an investment in the LP Entities will be considered a Qualified Investment Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding Indication of Interest on or before the Phase 1 Bid Deadline, (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures and (iii) the bid complies with all of the following (a "Qualified Investment Bid"):

(a) it includes a duly authorized and executed term sheet describing the terms and conditions of the proposed transaction, including details regarding the proposed

equity and debt structure of the LP Entities following completion of the proposed transaction (the "Term Sheet");

(b) it includes a letter stating that the bidder's offer is irrevocable until the earlier of (x) the selection of the Successful Bidder and (y) thirty (30) days following the Phase 2 Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the investment by the Successful Bidder;

(c) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, to make a reasonable determination as to the bidder's financial and other capabilities to consummate the transaction contemplated by the bid;

(d) it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining financing;

(e) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;

(f) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the LP Entities or the completeness of any information provided in connection therewith except as expressly stated in the Term Sheet;

(g) it includes evidence, in form and substance reasonably satisfactory to the Monitor, (i) of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid; and (ii) that, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be "Canadian issues" of "Canadian newspapers" as defined in the *Income Tax Act* (Canada);

(h) it is accompanied by a refundable deposit (the "Good Faith Deposit") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to Cdn\$10 million to be held and dealt with in accordance with these SISP Procedures,;

(i) it contains other information reasonably requested by the Monitor, the Financial Advisor, the LP CRA or the Agent; and

(j) it is received by the Phase 2 Bid Deadline.

Qualified Investment Bids and Qualified Purchase Bids shall hereinafter be referred to as "Qualified Bids" and each a "Qualified Bid".

The Monitor, in consultation with the Financial Advisor and the LP CRA, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Investment Bids or Qualified Purchase Bids, as the case may be, but only with the prior consent of the Agent, acting in consultation with the Steering Committee. Copies of all Qualified Bids shall be provided to the Agent on terms that permit the Agent to consult with respect thereto with the Steering Committee and other Senior Lenders on a confidential basis, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Bid until after the conduct of the vote on the Senior Lenders CCAA Plan.

If at any point during Phase 2, the Monitor determines, in consultation with the Financial Advisor, the LP CRA, and the Agent, that a Successful Bid will not be obtained by the Phase 2 Bid Deadline, (i) it will advise the Special Committee, the Financial Advisor, the LP CRA and the Agent of that fact; and (ii) following that advice, the Monitor and the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.

#### No Qualified Bids

If none of the Qualified Bids received by the Financial Advisor constitute Superior Offers, the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.

#### Superior Cash Offer is Received

If the Monitor determines in its reasonable business judgment following consultation with the Financial Advisor and the LP CRA, that one or more of the Qualified Bids is a Superior Cash Offer, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall recommend (the "Superior Cash Offer Recommendation") to the Special Committee that the most favourable Superior Cash Offer be selected and that a definitive agreement be negotiated and settled in respect of that Superior Cash Offer, conditional upon Court approval and conditional on the Superior Cash Offer closing within 60 days after the Phase 2 Bid Deadline, or such longer period as shall be agreed to by the Monitor, in consultation with the Financial Advisor and the LP CRA, and consented to by the Agent, acting in consultation with the Steering Committee.

If the Special Committee accepts the Superior Cash Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall negotiate and settle a definitive

agreement in accordance with the recommendation but subject to the terms and conditions of the Senior Lenders CCAA Plan.

If the Special Committee does not wish to proceed with the Superior Cash Offer recommended by the Monitor, the Monitor shall advise the Court and seek advice and directions from the Court with respect to the SISP.

#### **Superior Alternative Offer is Received**

If the Monitor does not receive a Superior Cash Offer but receives a Qualified Bid which the Monitor determines, in consultation with the Financial Advisor, the LP CRA and the Agent, is a Potential Superior Alternative Offer, the Monitor shall so advise the Agent. If CCAA Senior Lender Approval has been obtained for the Senior Lenders CCAA Plan, and if the Agent, acting in consultation with the Steering Committee, considers it highly unlikely that the Potential Superior Alternative Offer would receive CCAA Senior Lender Approval, it may elect, by notice to the Monitor, for a delay of two weeks to consult with relevant Senior Lenders. If within those two weeks, the Agent provides satisfactory written confirmation to the Monitor that Senior Lenders holding more than 33.3% of the Senior Secured Claims do not support pursuing the Potential Superior Alternative Offer, it shall be deemed that there is no reasonable prospect of the Potential Superior Alternative Offer resulting in a Superior Alternative Offer. If the Agent does not so notify the Monitor within such period, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall recommend (the "**Superior Alternative Offer Recommendation**") to the Special Committee that the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent negotiate a definitive agreement in respect of the Potential Superior Alternative Offer, conditional upon Court approval and CCAA Senior Lender Approval and on the Superior Alternative Offer closing within 60 days after the Phase 2 Bid Deadline, or such longer period as shall be agreed to by the Monitor and the Agent acting in consultation with the Steering Committee.

In the event that the Special Committee does not accept the Superior Alternative Offer Recommendation, the Monitor shall so advise the Court and seek its advice and directions with respect to the SISP.

In the event that the Special Committee does accept the Superior Alternative Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent shall negotiate a definitive agreement in accordance with such recommendation and thereafter the Monitor, in consultation with the Financial Advisor and the LP CRA, or the Agent shall have the right to seek CCAA Senior Lender Approval of the Potential Superior Alternative Offer.

If within the two week delay referred to above, the Agent provides satisfactory written confirmation to the Monitor that Senior Lenders holding more than 33.3% of the Senior Secured Claims do not support pursuing the Potential Superior Alternative Offer or if CCAA Senior Lender Approval is sought but not obtained, then the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of

the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.

Once a definitive agreement has been negotiated and settled in respect of the Superior Offer which has been selected by the Monitor or by Court Order (the "Selected Superior Offer") in accordance with the provisions hereof, the Selected Superior Offer shall be the "Successful Bid" hereunder and the person(s) who made the Selected Superior Offer shall be the "Successful Bidder" hereunder.

#### **Approval Motion**

The hearing to authorize some or all of the Applicants to enter into agreements with respect to the Successful Bid (the "Approval Motion") will be held on a date to be scheduled by the Court upon application by the Applicants. The Approval Motion may be adjourned or rescheduled by the Monitor with the consent of the Agent, acting in consultation with the Steering Committee, without further notice by an announcement of the adjourned date at the Approval Motion. All Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

#### **Deposits**

All Deposits shall be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion shall be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five Business Days of the date upon which the SISP is terminated in accordance with these procedures.

#### **Approvals**

For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or are otherwise required at law in order to implement a Successful Bid or the Senior Lenders CCAA Plan.

**No Amendment**

There shall be no amendments to this SISP, including, for greater certainty the process and procedures set out herein, without the consent of the Agent, acting in consultation with the Steering Committee.

**Further Orders**

At any time during the Solicitation Process, the Monitor may, following consultation with the Financial Advisor, the LP CRA and the Agent, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

**Schedule "1"**

**Address for Notices and Deliveries**

To the Financial Advisor:

**RBC Capital Markets**  
Mergers & Acquisitions  
P.O. Box 50, 5<sup>th</sup> Floor  
South Tower, Royal Bank Plaza  
Toronto, Ontario  
M5J 2W7

Attention: Peter Buzzi, Managing Director, Co-Head M&A

Email: peter.buzzi@rbccm.com

Facsimile: (416) 842-5360

- and -

Attention: Richard Grudzinski, Managing Director, M&A, Head of Financial  
Restructuring Advisory

Email: richard.grudzinski@rbccm.com

Facsimile: (416) 842-5360



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

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

APPLICANTS

*Ontario*  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

Proceeding commenced at Toronto

**STAY EXTENSION ORDER AND ORDER  
AMENDING THE PROCEDURES FOR THE SALE  
AND INVESTOR SOLICITATION PROCESS**

**Osler, Hoskin & Harcourt LLP**  
1 First Canadian Place  
P.O. Box 50  
Toronto, ON M5X 1B8

Lyndon A.J. Barnes (LSUC#13350D)  
Tel: (416) 862-6679  
Alexander Cobb (LSUC#45363F)  
Tel: (416) 862-5964  
Elizabeth Allen Putnam (LSUC#53194L)  
Tel: (416) 862-6835  
Fax: (416) 862-6666

Lawyers for the Applicants

F. 1117119

# APPENDIX "C"

**Canwest**  
**Summary of Shared Services Agreements as Amended by the Shared Services Transition Agreement**

Agreement	Services Provided By	Services Provided To	Description of Services	Monthly Charges	Termination Date
1. Executive Advisory Services Agreement	CMI Corporate	Canwest Limited Partnership	<ul style="list-style-type: none"> <li>▪ Corporate development</li> <li>▪ Strategic planning</li> <li>▪ Capital Allocation</li> <li>▪ Financing</li> <li>▪ Risk Management</li> </ul>	\$250,000 (includes both Executive Advisory and Partnership Services)	February 28, 2010
2. Partnership Services Agreement	CMI Corporate	Canwest Limited Partnership	<ul style="list-style-type: none"> <li>▪ Administrative</li> <li>▪ Legal</li> <li>▪ Tax compliance</li> <li>▪ Investor/public relations</li> <li>▪ Corporate development</li> <li>▪ Internal Audit</li> <li>▪ Cross promotional services. Broadcast advertising in LP newspapers.</li> </ul>	(Fees charged under this agreement are included in the fees charged under the Executive Advisory Services Agreement above)	February 28, 2010
3. Broadcast Services Agreement	Canwest Limited Partnership	Canwest Television Limited Partnership	<ul style="list-style-type: none"> <li>▪ Canwest Business Services</li> <li>▪ Canwest Information Technology Group</li> <li>▪ Corporate HR services</li> <li>▪ Digital (Website development)</li> </ul>	Business Services: \$257,283 IT: \$544,415 <sup>1</sup> through Aug. 2010 and \$433,335 <sup>1</sup> through Feb. 2011 Corp. HR: \$76,962 Digital: \$93,650	Business Services: August 31, 2010 IT: August 31, 2010 and February 28, 2011 <sup>2</sup> Corp. HR: February 28, 2010 Digital: August. 31, 2010

**Canwest**  
**Summary of Shared Services Agreements as Amended by the Shared Services Transition Agreement**

	Agreement	Services Provided By	Services Provided To	Description of Services	Monthly Charges	Termination Date
4.	Canwest Services Agreement	Canwest Limited Partnership	CMI	<ul style="list-style-type: none"> <li>▪ Canwest Business Services</li> <li>▪ Canwest Information Technology Group</li> <li>▪ Corporate HR services</li> <li>▪ Digital services - Website development</li> </ul>	(Fees charged under this agreement are included in fees charged under the Broadcast Services Agreement above)	Business Services: August 31, 2010 IT: August 31, 2010 and February 28, 2011 <sup>2</sup> Corp. HR: February 28, 2010 Digital: August 31, 2010
5.	Sales Representation and Agency Services	Canwest Limited Partnership	Canwest Television Limited Partnership	<ul style="list-style-type: none"> <li>▪ Cross promotional services.</li> <li>▪ Broadcast advertising in LP newspapers.</li> </ul>	Not Amended	August 31, 2010
6.	National Post Lease/CTLP Lease	Canwest Limited Partnership	National Post / Canwest Television Limited Partnership	<ul style="list-style-type: none"> <li>▪ Rent for premises located at 1450 Don Mills Rd., Toronto, ON.</li> </ul>	CTLP: \$10,970k National Post: N/A	CTLP: August 31, 2010 National Post: N/A
7.	Affiliation Services Agreement	Canwest Limited Partnership CMI	Canwest Limited Partnership CMI	<ul style="list-style-type: none"> <li>▪ Editorial content</li> <li>▪ Cost sharing initiatives</li> </ul>	\$16,667	August 31, 2010
8.	Trademarks License Agreement	Canwest Global Communications Corp.	Canwest Limited Partnership	<ul style="list-style-type: none"> <li>▪ non exclusive, royalty-free license to use some or all of the Canwest trademarks in Canada and to sublicense the use of the Canwest trademarks to the subsidiaries engaged in the publishing business</li> </ul>	Not Amended	Earlier of (a) the Closing Date, (b) the date Canwest LP Emerges from its CCAA Proceeding (if commenced), (c) August 31, 2010 and (d) such other date as the parties to such agreement may agree

**Canwest**  
**Summary of Shared Services Agreements as Amended by the Shared Services Transition Agreement**

	Agreement	Services Provided By	Services Provided To	Description of Services	Monthly Charges	Termination Date
9.	Cooperation and Confidentiality Services	Canwest Limited Partnership	Canwest Global Corp CMI	<ul style="list-style-type: none"> <li>▪ Financial, tax and other regulatory support services</li> <li>▪ Financial reporting</li> <li>▪ Preparation of regulatory and other filings (e.g. tax)</li> </ul>	\$8,333	Earlier of (a) the Closing Date, (b) the date Canwest LP Emerges from its CCAA Proceeding (if commenced) and (c) August 31, 2010.
10.	Pension Plan Participation Agreements (4 separate agreements)	Canwest Limited Partnership, CMI, and CPI	Canwest Limited Partnership, CMI, and CPI	The Pension Plan Participation Agreements provide for intercompany charges between Canwest entities to align pension related costs of employees of one Canwest entity who participate in the pension plan of another Canwest entity.	Under the Shared Services Transition Agreement, employee contracts will be amended to align employers with pension plan sponsors	Immediate
11.	Insurance Premium Sharing Agreement	CMI	Canwest Limited Partnership	Insurance coverage under policies procured by CMI on behalf of all Canwest entities for comprehensive, general liability, property, etc.	Not Amended	Earlier of the (a) Closing Date, (b) the date Canwest LP Emerges from its CCAA Proceeding (if commenced), (c) the date upon which CMI and Canwest LP cease to be Affiliates, (d) August 31, 2010 and (e) such other date as the parties to such agreement may agree.

**Canwest**  
**Summary of Shared Services Agreements as Amended by the Shared Services Transition Agreement**

Agreement	Services Provided By	Services Provided To	Description of Services	Monthly Charges	Termination Date
12. Employee Secondment and Cost Reimbursement Arrangements	Canwest Limited Partnership, CMI, Canwest Television Limited Partnership, CPI and National Post	Canwest Limited Partnership, CMI, Canwest Television Limited Partnership, CPI and National Post	▪ Undocumented agreements that provide for a system of intercompany charges to align employee costs for employees who provide services to one Canwest entity, but who are employees, and are on the payroll of another Canwest entity.	Under the Shared Services Transition Agreement, employees contracts are to be amended in order to align employees with the entity to which they provide services	Immediate

<sup>1</sup> Includes both cost reimbursements and allocated capital charges.

<sup>2</sup> The termination date of August 31, 2010 is for IT services August 31, 2010 listed in Schedule B, to the Agreement on Shared Services and Employees dated October 26, 2009. Services listed in Schedule C of the Agreement on Shared Services and Employees and all other IT Services other than those listed in Schedule B will be terminated on February 28, 2011.

# APPENDIX "D"

[LP Letterhead]

March 1, 2010

Canwest Media Inc.  
Canwest Place  
201 Portage Avenue  
31st Floor  
Winnipeg, Manitoba  
R3B 3L7

Attention: Thomas Strike

**Re: Agreement on Shared Services and Employees (the “Shared Services Agreement”) dated October 26, 2009 between Canwest Global Communications Corp. (“CGCC”), Canwest Limited Partnership / Société En Commandite (“Canwest LP”), Canwest Media Inc. (“CMI”), Canwest Publishing Inc./Publications Canwest Inc. (“CPI”), Canwest Television Limited Partnership (“Television LP”) and The National Post Company/La Publication National Post (“Old NP”)**

Pursuant to the terms of the Shared Services Agreement, (i) the Canwest Services Agreement and the Television LP Services Agreement terminated as they relate to the provision of Corporate Services on February 28, 2010; and (ii) the Executive Advisory Services Agreement and the Partnership Services Agreement terminated on February 28, 2010. As further described in the Memorandum from Doug Lamb to Gary Colter, Chief Restructuring Advisor, dated February 17, 2010, a copy of which is attached hereto as Exhibit A (the “**Extension Memorandum**”), it is now the parties’ desire that certain services previously provided by Canwest LP to the Broadcast Parties and their Affiliates under the Canwest Services Agreement and the Television LP Services Agreement and certain services previously provided by CMI to Canwest LP and its Affiliates under the Executive Advisory Services Agreement and the Partnership Services Agreement continue to be provided after February 28, 2010 on the terms and conditions set forth in this letter agreement (this “**Agreement**”). Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Shared Services Agreement.

**1. Human Resources Services.**

**(a) Shared Canwest LP HR Employees.**

- (i) So long as such individuals are employed by Canwest LP, Canwest LP shall make available to CMI and its Affiliates the services of following employees of Canwest LP (the “**LP HR Employees**”) for the period commencing on March 1, 2010 until June 30, 2010 (the “**Term**”), or such other period as may be mutually agreed by the parties, to provide services relating to labour relations, pension administration, and learning and development to CMI and its Affiliates:

- (A) Sharlene Kanhai;  
(B) Valerie Davidson;



- (C) Bob Pruden; and
- (D) Dilshad Abdhusein.

If required by CMI, up to 50% of each LP HR Employee's working time shall be devoted to providing services to CMI and its Affiliates and the balance of each LP HR Employee's working time shall be devoted to providing services to Canwest LP and its Affiliates.

- (ii) The LP HR Employees shall at all times remain employees of Canwest LP and in no event be considered employees of CMI or any of its Affiliates.

(b) **Shared CMI Pension Employee.**

- (i) CMI shall make available to Canwest LP and its Affiliates the services of Margaret Proven (the "**CMI Pension Employee**") for the Term (so long as she is employed by CMI), or such other period as may be mutually agreed by the parties, to provide services relating to pension administration to Canwest LP and its Affiliates. If required by Canwest LP, up to 50% of the CMI Pension Employee's working time shall be devoted to providing services to Canwest LP and its Affiliates and the balance of the CMI Pension Employee's working time shall be devoted to providing services to CMI and its Affiliates.

- (ii) The CMI Pension Employee shall at all times remain an employee of CMI and in no event be considered an employee of Canwest LP or any of its Affiliates.

(c) **Transferred LP HR Employees.**

On or before March 1, 2010, CMI shall offer employment, effective as of March 1, 2010 (or such other date as may be mutually agreed by the parties), to Steve Mason and Miriam Mohamedali on terms and conditions which are in the aggregate substantially similar to the terms and conditions upon which such employees are employed by Canwest LP immediately prior to March 1, 2010.

**2. Legal Services.**

(a) **Shared Canwest LP Legal Employee.**

- (i) Canwest LP shall make available to CMI and its Affiliates the services of Sheila Fortier (the "**LP Legal Employee**", and collectively with the LP HR Employees, the "**LP Shared Employees**") for the Term (so long as she is employed by Canwest LP), or such other period as may be mutually agreed by the parties, to provide legal services to CMI and its Affiliates. If required by CMI, up to 50% of the LP Legal Employee's working time shall be devoted to providing services to CMI and its Affiliates and the

balance of the LP Legal Employee's working time shall be devoted to providing services to Canwest LP and its Affiliates.

- (ii) The LP Legal Employee shall at all times remain an employee of Canwest LP and in no event be considered an employee of CMI or any of its Affiliates.

(b) **Shared CMI Legal Employees.**

- (i) So long as such individuals are employed by CMI, CMI shall make available to Canwest LP and its Affiliates the services of following employees of CMI and its Affiliates (the "**CMI Legal Employees**") for the Term, or such other period as may be mutually agreed by the parties, to provide legal services to Canwest LP and its Affiliates:

- (A) Steven Pasternak
- (B) Riva Richard; and
- (C) Jan Anderson.

If required by Canwest LP, up to 50% of each CMI Legal Employee's working time shall be devoted to providing services to Canwest LP and its Affiliates and the balance of each CMI Legal Employee's working time shall be devoted to providing services to CMI and its Affiliates.

- (ii) The CMI Legal Employees shall at all times remain employees of CMI and in no event be considered employees of Canwest LP or any of its Affiliates.

(c) **Transferred CMI Legal Employees.**

On or before March 1, 2010, Canwest LP shall offer employment, effective as of March 1, 2010 (or such other date as may be mutually agreed by the parties), to Gillian Akai, Megan K. O'Toole, Kelly Kwan, Jennifer Cyr, Naomi Mesbur, Maria Milkis and Laura Barozzino (the "**Transferred CMI Legal Employees**") on terms and conditions which are in the aggregate substantially similar to the terms and conditions upon which such Transferred CMI Legal Employees are employed by CMI immediately prior to March 1, 2010.

**3. Finance Services.**

(a) **Shared CMI Finance Employees.**

- (i) So long as such individuals are employed by CMI, CMI shall make available to Canwest LP and its Affiliates the services of following employees of CMI (the "**CMI Finance Employees**", and collectively with the CMI Pension Employees and the CMI Legal Employees, the "**CMI Shared Employees**") for the Term, or such other period as may be

mutually agreed by the parties, to provide tax and insurance related services to Canwest LP and its Affiliates:

(A) Darren Barfuss; and

(B) Rick Wellen.

If required by Canwest LP, up to 50% of each CMI Finance Employee's working time shall be devoted to providing services to Canwest LP and its Affiliates and the balance of each CMI Finance Employee's working time shall be devoted to providing services to CMI and its Affiliates.

- (ii) The CMI Finance Employees shall at all times remain employees of CMI and in no event be considered employees of Canwest LP or any of its Affiliates.

#### 4. **Costs and Expenses of Shared Employees.**

- (a) Subject to the immediately following sentence, all costs and expenses associated with the CMI Shared Employees and the LP Shared Employees (collectively, the "**Shared Employees**") incurred during the Term shall be shared equally between Canwest LP and CMI, including all compensation (including any bonus amounts), statutory deductions, remittances and costs associated with benefits provided to a Shared Employee ("**Shared Employee Costs**"). During the Term, neither Canwest LP nor CMI shall increase the compensation paid or any benefits made available to a Shared Employee without the consent of the other party, such consent not to be unreasonably withheld or delayed, unless such increase in compensation or benefits is borne entirely by the party employing such Shared Employee, in which case the consent of the other party shall not be required.
- (b) The parties good faith estimate of the monthly Shared Employee Costs is set forth in Exhibit B. The Shared Employee Costs are not intended to provide CMI or Canwest LP with any material financial gain or loss.
- (c) As soon as practicable after the end of each month during the Term, and in any event no later than the 25th day of the following month (i) CMI shall invoice Canwest LP for the amount owing for Shared Employee Costs payable by Canwest LP in respect of CMI Shared Employees for the immediately preceding month (a "**CMI Monthly Invoice**"); and (ii) Canwest LP shall invoice CMI for the amount owing for Shared Employee Costs payable by CMI in respect of LP Shared Employees for the immediately preceding month (an "**LP Monthly Invoice**").
- (d) Amounts owing pursuant to a CMI Monthly Invoice or an LP Monthly Invoice for a particular month may be set-off against the corresponding CMI Monthly Invoice or LP Monthly Invoice, as applicable, issued in respect of the same month and Canwest LP or CMI, as the case may be, will pay the net amount of the invoiced Shared Employees Costs to the other party within [30] days following the later of

(i) delivery to Canwest LP of the CMI Monthly Invoice issued in respect of such month; and (ii) delivery to CMI of the LP Monthly Invoice issued in respect of such month.

**5. Termination or Replacement of Shared Employees.**

- (a) During the Term, neither CMI nor Canwest LP will terminate without cause the employment of any Shared Employee without the consent of the other party.
- (b) In the event that any Shared Employee ceases to be an employee of Canwest LP or CMI, as applicable, (the “**Departed Employee**”), the party that employed such Departed Employee (the “**Employing Party**”) shall use commercially reasonable efforts to replace such Departed Employee and to the extent another employee of the Employing Party is hired to replace or assumes the responsibilities of such Departed Employee (the “**New Employee**”), the provisions of this Agreement shall apply mutatis mutandis to the New Employee (provided the party that had previously received services from such Departed Employee but was not the employer of such Departed Employee consents in writing to the New Employee assuming the responsibilities of such Departed Employee to provide services to such party, such consent not to be unreasonably withheld or delayed) and such New Employee shall be deemed to be a Shared Employee hereunder, provided the terms and conditions of the Employing Party’s employment of such New Employee are not substantially dissimilar to the terms and conditions upon which the Employing Party employed the Departed Employee. For the avoidance of doubt, the failure of an Employing Party to replace a Departing Employee with a New Employee shall not constitute a breach of this Agreement and shall not affect or limit the obligations of either party to continue to make the services of the remaining Shared Employees available to the other party under the terms hereof.

**6. Access and Records.**

- (a) Each of CMI and Canwest LP shall provide the other party and its employees, agents and contractors with continued and uninterrupted access during normal business hours to its and its Affiliates property, assets and personnel, including documents and records, as is necessary to permit the Shared Employees to provide or assist in the provision of services described under sections 1, 2 and 3 above.
- (b) Each of CMI and Canwest LP shall maintain accurate and complete records of all costs and expenses associated with the Shared Employees consistent with their current business practices and also, where appropriate, in accordance with generally accepted accounting principles. Each of CMI and Canwest LP will provide the other party and its designated agents with access to such records at all reasonable times during normal business hours and each party will have the right to conduct audits of those records at its sole cost and expense. Each of CMI and Canwest LP shall preserve all such records in accordance with its record retention policies.

**7. Termination.**

- (a) Either CMI or Canwest LP may terminate this Agreement with respect to any service it receives from any Shared Employee employed by the other party upon two weeks' prior notice to the other party.
- (b) If (i) this Agreement is terminated with respect to any services provided by a Shared Employee; or (ii) any Shared Employee ceases to be an employee of Canwest LP or CMI, as applicable, and is not replaced in accordance with the terms of this Agreement, in each case, on a date other than at the end of a month, the Shared Employee Costs associated with such Shared Employee shall be pro-rated appropriately.

The parties acknowledge and agree that this Agreement has been entered into for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged.

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable in Ontario.

Time is of the essence in the performance of the parties' respective obligations.

This Agreement enures to the benefit of and is binding upon the parties and their successors and assigns and neither party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other party.

No amendment, supplement, modification, waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound.

This Agreement may be executed by the parties in counterparts, which may be delivered by facsimile or other electronic transmission. Each counterpart when so executed and delivered shall be deemed an original, and all such counterparts taken together shall constitute one and the same agreement.

*[Signature page follows.]*

If the provisions hereof are acceptable to you, please so indicate by signing and returning one copy of this Agreement to the undersigned.

**CANWEST LIMITED PARTNERSHIP /  
SOCIÉTÉ EN COMMANDITE**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and agreed:

**CANWEST MEDIA INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**  
**EXTENSION MEMORANDUM**

See Attached.

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

Court File No. CV-10-8533-00CL

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**Proceeding commenced at Toronto**

**FOURTH REPORT OF FTI CONSULTING CANADA  
INC., IN ITS CAPACITY AS MONITOR OF THE  
APPLICANTS**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**David R. Byers LSUC #: 22992W**  
Tel: (416) 869-5697  
**Ashley John Taylor LSUC#: 39932E**  
Tel: (416) 869-5236  
**Maria Konyukhova LSUC#: 52880V**  
Tel: (416) 869-5230  
Fax: (416) 861-0445

Lawyers for the Monitor