

**THIS MATERIAL IS IMPORTANT  
AND REQUIRES YOUR IMMEDIATE ATTENTION.  
If you are in any doubt as to the action you should take, you should consult your professional advisors.**

## **CANWEST LIMITED PARTNERSHIP**



**NOTICE OF MEETING AND  
MANAGEMENT PROXY CIRCULAR  
PERTAINING TO A  
CONSOLIDATED PLAN OF COMPROMISE**

UNDER

THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)  
CONCERNING, AFFECTING AND INVOLVING  
CANWEST (CANADA) INC.,  
CANWEST PUBLISHING INC./PUBLICATIONS CANWEST INC.,  
CANWEST BOOKS INC.

and

CANWEST LIMITED PARTNERSHIP/CANWEST SOCIÉTÉ EN COMMANDITE



**IN THE MATTER OF A CONSOLIDATED PLAN OF COMPROMISE CONCERNING, AFFECTING AND INVOLVING CANWEST (CANADA) INC., CANWEST PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC., AND CANWEST LIMITED PARTNERSHIP/CANWEST SOCIÉTÉ EN COMMANDITE**

**NOTICE OF MEETING**

**TO:** The Affected Creditors of the LP Entities

**NOTICE IS HEREBY GIVEN** that, pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) in Toronto (the “**Court**”) dated May 17, 2010 and all ancillary Orders of the Court, a meeting of the Affected Creditors of the LP Entities (the “**Meeting**”) is scheduled to be held on June 10, 2010 at the Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario, Canada at 10:00 a.m. (Toronto time) for the following purposes:

1. to consider, and if deemed advisable, to pass, with or without variation, a resolution (the “**Resolution**”), approving the consolidated plan of compromise (the “**Plan**”) as it may be amended, pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”). The full text of the Resolution and Plan are attached as Appendix A and B respectively to this management proxy circular (the “**Circular**”); and
2. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Unless otherwise indicated, terms defined in the section of this Circular entitled “Glossary of Terms” have the same meanings in this Notice of Meeting.

The validity and value of the Claims of the Affected Creditors are determined for voting and distribution purposes in accordance with the procedures set forth in the Amended Claims Procedure Order and the Meeting Order, copies of which are attached as Appendix C and D to this Circular, respectively.

In order for the Plan to be approved and be binding in accordance with the CCAA, the Resolution to approve the Plan must first be approved by a majority in number of the Affected Creditors voting or deemed to vote on the Resolution (in person, by Master Ballot or by proxy) at the Meeting and representing not less than 66 $\frac{2}{3}$ % in value of the Affected Claims of the Affected Creditors voting or deemed to vote at the Meeting. At the Meeting, each Affected Creditor will be entitled to one vote, which vote will have the value of such Affected Claim as determined pursuant to the Amended Claims Procedure Order, the Meeting Order and the Plan. Subject to satisfaction of the other conditions of implementation of the Plan, all Affected Creditors will then receive the treatment set forth in the Plan.

The quorum for the Meeting has been set by the Meeting Order as the presence, in person or by proxy, at the Meeting of one (1) person entitled to vote at the Meeting on the Resolution.

An Affected Creditor may attend the Meeting in person, may appoint another person as proxyholder. A LP Noteholder, may indicate its vote on a beneficial owner ballot (a “**Beneficial Owner Ballot**”) or voting instruction form (“**VIF**”), which vote must then be transferred to a master ballot (the “**Master Ballot**”) by the LP Noteholder’s nominee or its agent and delivered to the Monitor before June 9, 2010. Proxyholders may be appointed by Affected Creditors other than LP Noteholders by inserting the name of such person in the space provided on the form of proxy provided to Affected Creditors by the Monitor or the LP Entities, or by completing another valid form of proxy. Persons appointed as proxyholders need not be Affected Creditors.

In order to be effective, proxies of Affected Creditors other than LP Noteholders, must be received by the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101 or CanwestLP@fticonsulting.com, prior to 5:00 p.m. (Toronto time) on June 7, 2010 or three (3) Business Days prior to any adjournment of the Meeting. Master Ballots indicating the votes of LP

Noteholders must be received by the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101 or CanwestLP@fticonsulting.com, prior to 5:00 p.m. (Toronto time) on June 9, 2010 or one (1) Business Day before the time of any adjournment or postponement of the Meeting.

If an Affected Creditor specifies a choice with respect to the vote on the Resolution, the proxy will be voted on any ballot in accordance with the specification so made. In the absence of such specification, the proxy will be voted FOR the approval of the Resolution. If a Beneficial Owner Ballot is executed but no vote for or against the Plan is specified the vote represented by such ballot will not be counted either for or against the Plan.

The form of proxy confers discretionary authority on the individuals designated therein with respect to amendments or variations to matters identified in this Notice of Meeting and other matters that may properly come before the Meeting. As of the date hereof, the LP Entities know of no such amendment, variation or other matters to come before the Meeting.

**NOTICE IS ALSO HEREBY GIVEN** that if the Plan is approved by the Affected Creditors at the Meeting, the LP Entities intend to bring a motion before the Court on or about June 18, 2010 at 10:00 a.m. (Toronto time) at 330 University Avenue, Toronto, Ontario, M5G 1R8. The motion will be for a sanction and vesting order approving and sanctioning the Plan under the CCAA and the transactions contemplated under the Plan and the Asset Purchase Agreement, and vesting in the Purchaser title to and in all of the Acquired Assets in accordance with the Asset Purchase Agreement (the “**Sanction and Vesting Order**”). Any Affected Creditor who wishes to appear or be represented, and to present evidence or arguments, at the Court hearing seeking sanction of the Plan must file with the Court a notice of appearance and serve such notice of appearance on the LP Entities’ solicitors, Osler, Hoskin & Harcourt LLP (Attention: Lyndon Barnes), at least seven (7) days before the Court hearing.

**DATED** at Toronto, Ontario, this 20<sup>th</sup> day of May, 2010.

**BY ORDER OF THE COURT**

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## **IMPORTANT INFORMATION**

**THIS CIRCULAR CONTAINS IMPORTANT INFORMATION THAT SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE MATTERS REFERRED TO HEREIN. CAPITALIZED TERMS, EXCEPT AS OTHERWISE DEFINED HEREIN, ARE DEFINED IN THE SECTION ENTITLED "GLOSSARY OF TERMS".**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED OR REFERRED TO IN THIS CIRCULAR, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON. THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, THE SECURITIES DESCRIBED IN THIS CIRCULAR, OR THE SOLICITATION OF A PROXY OR VOTE, IN ANY JURISDICTION, OR TO OR FROM ANY PERSON TO OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OF AN OFFER OR PROXY OR VOTE SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS CIRCULAR NOR ANY DISTRIBUTION OF THE SECURITIES ISSUED PURSUANT TO THE PLAN SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS CIRCULAR.**

The issuance of the Shares to the Affected Creditors in connection with the Plan will be exempt from the prospectus and registration requirements of applicable Canadian securities laws. Shares received by an Affected Creditor will be subject to certain restrictions on resale imposed under Canadian securities laws. Generally, the Shares may be resold only pursuant to an exemption from the prospectus and registration requirements of applicable securities legislation, pursuant to an exemption order granted by appropriate securities regulatory authorities or after the expiry of a hold period, if any, following the date on which Holdco becomes a reporting issuer under applicable securities legislation. Although no assurances can be made, Holdco intends to become a reporting issuer in certain Canadian jurisdictions. Affected Creditors are advised to seek legal advice prior to any resale thereof.

This Circular does not address the Canadian income tax consequences to Affected Creditors of their participation in the Plan. Affected Creditors are urged to consult their own tax advisors regarding the Canadian income tax consequences of their participation in the Plan.

Affected Creditors should not construe the contents of this Circular as investment, legal or tax advice. Affected Creditors should consult their own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of the Plan.

### **NOTICE TO AFFECTED CREDITORS IN THE UNITED STATES**

This solicitation of proxies and the Plan involve securities of a Canadian foreign private issuer and are being effected in accordance with Canadian corporate, insolvency and securities laws. The proxy rules under the U.S. Exchange Act are not applicable to the LP Entities, Holdco or this solicitation and therefore this solicitation is not being effected in accordance with such proxy rules. This Circular has not been prepared in accordance with disclosure requirements applicable in the United States.

The Shares are being issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act as described under "Description of the Plan—Court Approval".

**THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

The financial information referred to herein has been prepared in accordance with Canadian GAAP, which differs from U.S. GAAP in certain material respects, and thus may not be comparable to financial information of United States companies.

The consolidated financial statements of LP Entities referred to herein have been prepared and presented in accordance with Canadian GAAP and may not have been reconciled to U.S. GAAP and do not purport to be in compliance with the rules and regulations of the SEC.

Neither this Circular nor the Plan addresses the income tax consequences for an Affected Creditor receiving a distribution of cash or Shares pursuant to the Plan. Affected Creditors in the United States should consult their own tax advisors with respect to the United States, Canadian and other tax considerations applicable to them in connection with a distribution pursuant to the Plan.

Enforcement by Affected Creditors of civil liabilities under the United States securities laws may be affected adversely by the fact that each of Holdco, Canwest and the LP Entities is organized under the laws of a jurisdiction other than the United States, that some or all of the officers and directors of such entities are residents of a country other than the United States, that some or all of the experts named in the Circular are residents of Canada and that a substantial portion of the assets of each of Holdco, Canwest and the LP Entities and such persons are located outside of the United States.

### **FORWARD-LOOKING STATEMENTS**

This Circular contains forward-looking statements relating, but not limited to, the LP Entities' expectations, intentions, plans, beliefs and future prospects. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would" and words and phrases of similar import, including references to assumptions.

By their nature, forward-looking statements require making assumptions and estimates and are subject to inherent risk and uncertainties. These statements are based on our current expectations about the Business and the markets in which it operates. There is significant risk that predictions, forecasts, conclusions or projections expressed in or implied by these forward-looking statements may not prove to be accurate, that assumptions or estimates may not be correct and that actual results may differ materially from such predictions, forecasts, conclusion or projections. Significant and reasonably foreseeable factors that could cause results to differ materially from current expectations are discussed under the heading "Risk Factors".

Forward looking statements are subjective in many respects and reflect numerous assumptions by the LP Entities with respect to future events, economic, competitive and regulatory conditions, financial market conditions and future business decisions, including, but not limited to, the following key assumptions: (a) a successful sale of the Acquired Assets to the Purchaser; (b) no material adverse impact on the Business on a going forward basis resulting from the sale of the Acquired Assets to the Purchaser; (c) a continuation of business arrangements on substantially the same basis as existed prior to the sale of the Acquired Assets to the Purchaser; and (d) the LP Entities' estimates as to the future advertising sales and operating expenses.

Given these uncertainties and risks, undue reliance should not be placed on such forward-looking statements. These statements are made as of the date of this Circular and the LP Entities do not undertake to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent expressly required by Law.

### **EXCHANGE RATE INFORMATION**

In this Circular, except where otherwise expressly indicated, all dollar amounts are expressed in Canadian dollars. References to "\$" are to Canadian dollars and references to "U.S.\$" or "U.S. dollars" are to United States dollars.

All Affected Claims denominated in U.S. dollars are to be converted into Canadian dollars on the basis of the U.S./Canadian dollar noon rate of exchange as quoted by the Bank of Canada on the Filing Date. All Affected



Claims denominated in a currency other than lawful money of Canada or the United States are to be converted into Canadian dollars on the basis of the noon rate of exchange as quoted by the Bank of Canada on the Filing Date.

On the Filing Date, the noon spot rate published by the Bank of Canada was \$1.0344 per U.S. dollar and the inverse of the noon spot rate was U.S.\$0.9667 per Canadian dollar.

## GLOSSARY OF TERMS

Unless the context otherwise requires, the following terms have the meanings set forth below when used in this Circular. All capitalized terms used but not herein defined shall have the meaning attributed such terms in the Plan.

“**Acquired Assets**” means all right, title and interest of the LP Entities in and to all properties, assets, interests and rights used in connection with or otherwise relating to the Business other than the Excluded Assets as provided in the Asset Purchase Agreement.

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

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

“**Ad Hoc Committee Offer**” means the offer of the Purchaser and Holdco, entities formed by the Ad Hoc Committee to, pursuant to the Plan and the Asset Purchase Agreement, purchase the Acquired Assets and assume the Assumed Liabilities for the consideration described in the Plan and the Asset Purchase Agreement.

“**Ad Hoc Committee Transaction**” means the transaction in which the Purchaser will acquire the Acquired Assets and assume the Assumed Liabilities pursuant to the terms of the Asset Purchase Agreement.

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

“**Administrative Reserve Order**” has the meaning given to such term in the Plan.

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

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

“**Amended Claims Procedure Order**” means the Order of the Ontario Superior Court of Justice dated May 17, 2010 amending the Claims Procedure Order, as amended and supplemented from time to time.

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

“**Applicants**” means, collectively, CPI, CCI and CBI; and “**Applicant**” means any one of them.

“**Asset Purchase Agreement**” means the asset purchase agreement dated as of May 10, 2010 between Holdco, the Purchaser and the LP Entities, as the same may be amended, restated or varied from time to time in accordance with the terms thereof, to purchase substantially all of the assets of the LP Entities, in the form attached as Schedule “A” to the Plan (excluding Schedules thereto) and available on the Website.

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

“**Beneficial Owner Ballot**” means the ballot of a LP Noteholder containing information on the beneficial holdings of such LP Noteholder and indicating a voting instruction for the Resolution to be considered at the Meeting.

“**Business**” means, collectively, the English language newspaper, digital and online businesses carried on by the LP Entities and National Post Inc.

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

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

“**Canadian GAAP**” means generally accepted accounting principles in Canada, including those set out in the Handbook of the Canadian Institute of Chartered Accountants.

“**Canadian Creditor Declaration**” means a declaration as to whether the applicable Affected Creditor is a Canadian Creditor, which declaration is enclosed with this Circular and available on the Website.

“**Canwest**” means Canwest Global Communications Corp., a corporation governed by the CBCA.

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

“**Cash Election**” means an election:

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

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

“**CBCA**” means the *Canada Business Corporations Act*.

“**CBI**” means Canwest Books Inc.

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada).

“**CCAA Case**” means the proceedings under the CCAA commenced by the Applicants pursuant to a notice of application dated January 8, 2010 in which the Initial Order was made.

“**CCI**” means Canwest (Canada) Inc.

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

“**Chief Restructuring Advisor**” means Gary Colter or CRS Inc. in its capacity as court-appointed Chief Restructuring Advisor of the LP Entities.

“**Circular**” means this management proxy circular, including the Appendices hereto, and any written amendment or supplement hereto made after the date hereof.

“**Claim**” means (a) any Prefiling Claim; (b) any Restructuring Period Claim; or (c) any Director/Officer Claim, other than in each case Excluded Claims.

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

**“Claims Procedure Order”** means the Order of the Court made April 12, 2010 in respect of the procedures governing the proof of claims.

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

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

**“Conditional Credit Acquisition Sanction, Approval and Vesting Order”** means the Order made May 17, 2010 pursuant to which, among other things, the Court conditionally approved and sanctioned the Senior Lenders’ Plan, as amended, restated or varied from time to time.

**“Court”** means the Ontario Superior Court of Justice (Commercial List) in the City of Toronto in the Province of Ontario.

**“CPI”** means Canwest Publishing Inc./Publications Canwest Inc.

**“Credit Acquisition”** means the acquisition of substantially all the assets of the LP Entities and assumption of certain of the liabilities of the LP Entities by the Senior Lenders through a newly incorporated entity in exchange for the satisfaction of the debt owed by the Limited Partnership to the Senior Lenders less a discount of \$25 million, all in accordance with a purchase agreement and the Senior Lenders’ Plan.

**“Credit Acquisition Expiry Date”** means the date before which the Credit Acquisition must be completed pursuant to the terms of the Support Agreement.

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

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

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

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

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

**“DIP Facility”** means the revolving credit facility of up to \$25 million, including a letter of credit sub-facility of up to \$5 million provided to the LP Entities pursuant to the DIP Credit Agreement.

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

**“Director/Officer Claim”** means any right or claim of any Person against one or more of the directors or officers of one or more of the LP Entities or any of them, that relates to a Prefiling Claim or a Restructuring Period Claim howsoever arising for which the directors or officers of an LP Entity are by statute or otherwise by law liable to pay

in their capacity as directors or officers or in any other capacity including, for greater certainty, any claim against a director or officer that may be secured by the LP Directors' Charge (as defined in the Initial Order), but excluding any claims by the Senior Lenders.

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

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

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

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

**"Distribution Date"** means the date or dates from time to time set in accordance with the provisions of the Plan to effect distributions in respect of the Proven Claims, other than the Initial Distribution Date and the Final Distribution Date.

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

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

**"Employee Claim"** means any claim by an employee or former employee of the LP Entities arising out of the employment of such employee or former employee by the LP Entities that relates to a Prefiling Claim or a Restructuring Period Claim other than an Excluded Claim or any employee-related liabilities that are being assumed by the Purchaser pursuant to the Asset Purchase Agreement.

**"Excluded Assets"** shall have the meaning ascribed to thereto in the Asset Purchase Agreement.

**"Excluded Claim"** means (a) claims secured by any of the Charges; (b) Insured Claims; (c) all Grievances or claims that can only be advanced in the form of a Grievance pursuant to the terms of a collective bargaining agreement; (d) all claims by the Senior Lenders, including Director/Officer Claims; (e) all claims of the lenders under the DIP Credit Facility against the LP Entities pursuant to the DIP Credit Agreement; (f) Intercompany Claims; and (g) all claims of The Bank of Nova Scotia arising from the provision of cash management services to the LP Entities.

**"Filing Date"** means January 8, 2010.

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

**"FTI"** means FTI Consulting Canada Inc. and any of its affiliates, partners, officers, directors, employees, agents, subcontractors and legal counsel in respect of the services they provided to the LP Entities before and after the Filing Date, including in respect of services provided in its capacity as Monitor.

**"Governmental Authority"** means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission,

board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

“**Grievance**” means all grievances filed by bargaining agents representing unionized employees of the LP Entities, or their members, under applicable collective bargaining agreements.

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

“**Holdco**” means 7535538 Canada Inc., a corporation governed by the CBCA and wholly owned by members of the Ad Hoc Committee.

“**Initial Distribution Date**” means a date that is not more than seven (7) days following the Plan Implementation Date or such other date specified in the Sanction and Vesting Order.

“**Initial Order**” means the Order made January 8, 2010 pursuant to which the LP Entities were provided protection under the CCAA, as amended, restated or varied from time to time.

“**Insured Claim**” means that portion of a Claim, other than a Director/Officer Claim, arising from a cause of action for which the applicable LP Entities are insured to the extent that such Claim, or portion thereof, is insured.

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

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

“**Law**” means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any court, Governmental Entity, statutory body or self-regulatory authority.

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

“**Limited Partnership**” means Canwest Limited Partnership/Canwest Societe en Commandite.

“**LP Entities**” means collectively the Limited Partnership, CPI, CCI and CBI.

“**LP Noteholders**” means the holders of the Senior Subordinated Notes.

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

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

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

“**Master Ballot**” means a ballot prepared by an intermediary, participant or other nominee or agent of such intermediary, participant or nominee (collectively, the “**Nominee**”) reflecting the votes submitted to such Nominee by Beneficial Owner Ballot or VIF.

“**Meeting**” means a meeting of the Affected Creditors held pursuant to the Meeting Order and includes any meeting resulting from the adjournment thereof.

“**Meeting Order**” means the Order made May 17, 2010 directing the calling and holding of the Meeting of Affected Creditors, as amended from time to time.

“**Monitor**” means FTI in its capacity as the monitor of the LP Entities appointed pursuant to the Initial Order, and any successor thereto appointed in accordance with any further Order.

“**Monitor’s Credit Bid Sanction Certificate**” means the certificate that may be delivered by the Monitor in accordance with the Conditional Credit Acquisition Sanction, Approval and Vesting Order, pursuant to a further order by the Court.

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

“**Notice of Dispute of Claim**” has the meaning given to the term “Notice of Dispute of Revision or Disallowance” in the Amended Claims Procedure Order.

“**Notice of LP Subordinated Lender Pro Rata Claims**” has the meaning given to it in the Meeting Order.

“**Notice of Meeting**” means the notice of the Meeting which is included in this Circular.

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

“**Order**” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority including any order of the Court in the CCAA Case.

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

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

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

“**Permitted Encumbrances**” shall have the meaning ascribed thereto in the Asset Purchase Agreement.

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

“**Plan**” means the consolidated plan of compromise under the CCAA concerning, affecting and involving CCI, CPI, CBI and the Limited Partnership, in the form attached hereto as Appendix B.

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

“**Plan Sanction Date**” means the date that the Sanction and Vesting Order is made by the Court.

“**Post Filing Claim**” means any indebtedness, liability or obligation of any kind that is not a Claim or Excluded Claim and that arises after the Filing Date from or in respect of (a) any executory contract or unexpired lease that has not been restructured, terminated or repudiated by a LP Entity, or (b) the supply of services or goods, or funds advanced, during the period after the Filing Date to but excluding the Plan Implementation Date; provided that “**Post Filing Claim**” shall not include any Restructuring Period Claim.

“**Prefiling Claims**” means any right or claim of any Person against one or more of the LP Entities, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the LP Entities in existence on the Filing Date, and any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts which existed prior to the Filing Date, and includes any other claims that would have been claims provable in bankruptcy had the applicable LP Entity become bankrupt on the Filing Date.

“**Proof of Claim**” means the form to be completed and filed by a Creditor before the applicable Claims Bar Date setting forth its Prefiling Claim or Restructuring Period Claim or Director/Officer Claim.

“**Pro Rata Share**” means, on the Initial Distribution Date and any Distribution Date, as applicable, that number of Shares equal to the product of: (i) the amount of the Affected Creditor’s Proven Claim divided by the sum of: (A)



the aggregate amount of all Proven Claims greater than \$1,000 held by Affected Creditors who have not made a valid Cash Election in accordance with the Plan; and (B) the aggregate amount of all Disputed Claims greater than \$1,000 held by Affected Creditors who have not made a valid Cash Election in accordance with the Plan; and (ii) the total number of Shares in the Unsecured Creditors' Equity Pool.

**"Proven Claim"** means a Claim by an unsecured creditor of the LP Entities proven in accordance with the Amended Claims Procedure Order and the Meeting Order.

**"Purchase Price"** shall have the meaning ascribed thereto in the Asset Purchase Agreement.

**"Purchaser"** means CW Acquisition Limited Partnership and/or a Designated Purchaser (as such term is defined in the Asset Purchase Agreement), as applicable.

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

**"RBC"** means RBC Dominion Securities Inc., a member company of RBC Capital Markets.

**"Record Date"** means May 18, 2010.

**"Released Party"** has the meaning given to it under the heading "Description of the Plan – Releases to be Given".

**"Resolution"** means the resolution substantially in the form attached as Appendix A to this Circular providing for the approval of the Plan by the Affected Creditors.

**"Restructuring Period Claim"** means any right or claim of any Person against one or more of the LP Entities in connection with any indebtedness, liability or obligation of any kind whatsoever owed by one or more of the LP Entities to such Person arising out of the restructuring, disclaimer, rescission, termination or breach on or after the Filing Date of any contract, lease or other agreement whether written or oral and whether such restructuring, disclaimer, rescission, termination or breach took place or takes place before or after the date of the Amended Claims Procedure Order.

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

**"SEC"** means the U.S. Securities and Exchange Commission.

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

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

**"Secured Hedging Obligations"** the obligations under Hedging Agreements resulting from the counterparties terminating such arrangements and demanding immediate payment of amount due thereunder.

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

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

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

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

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

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

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

**“Shares”** means, collectively, the Voting Shares and the Variable Voting Shares.

**“SISP”** means the sale and investor solicitation process implemented pursuant to the SISP Procedures attached as Schedule “A” to the Initial Order, as amended from time to time.

**“Special Committee”** means the special committee of the board of directors of Canwest.

**“Subordinated Credit Facility”** has the meaning given to it under the heading “Background to the Compromise and Arrangement – Events Prior to the Filing for Protection under the CCAA”.

**“Subordinated Lenders”** means the syndicate of lenders participating in the Subordinated Credit Facility.

**“Superior Cash Offer”** has the meaning given to it under the heading “Background to the Compromise and Arrangement – Sales and Investor Solicitation Process”.

**“Support Agreement”** means the support agreement made as of January 8, 2010 between the LP Entities and the Administrative Agent on behalf of the Senior Lenders.

**“TSX”** means the Toronto Stock Exchange.

**“Unaffected Claims”** has the meaning given to such term in the Plan.

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

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

**“U.S. Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended.

**“U.S. Securities Act”** means the U.S. Securities Act of 1933, as amended.

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

**“VIF”** means the voting information form completed by a LP Noteholder indicating the LP Noteholder’s voting preference for the resolution to be considered at the Meeting.

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

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

**“Website”** means <http://cfcanda.fticonsulting.com/clp/>.

## SUMMARY

*This summary highlights selected information from this Circular to help Affected Creditors understand the Plan in order to vote on the Resolution. Affected Creditors should read this Circular carefully in its entirety to understand the terms of the Plan as well as tax and other considerations that may be important to them in deciding whether to approve the Plan. Affected Creditors should note, however, that the governing document is the Plan. Affected Creditors should also pay special attention to the "Risk Factors" section of this Circular. The following summary is qualified in its entirety by reference to the detailed information contained elsewhere in this Circular, including its Appendices. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the "Glossary of Terms".*

**Further information pertaining to the CCAA Case relating to the LP Entities, including the reports of the Monitor and the Asset Purchase Agreement, may be obtained through the Website. Seven (7) days prior to the Meeting, the Monitor will make available a report with respect to the Plan (the "Monitor's Plan Report") and will also from time-to-time update the Website to include additional information pertaining to the CCAA Case and relating to the Business.**

### **The LP Entities**

The LP Entities are the largest publisher of English language daily newspapers in Canada, as measured by paid circulation and revenue. The publications of the LP Entities, including its subsidiary National Post Inc., include ten (10) major daily metropolitan newspapers (nine (9) broadsheets and one (1) tabloid), one (1) national newspaper, twenty-three (23) non-daily community newspapers and a number of shopping guides and newspaper-related publications. The digital media operations of the LP Entities include the canada.com network of websites and provide subscription services relating to investing, financial news and other information.

### **LP Entity Events**

On January 8, 2010, the LP Entities entered into the Support Agreement with the Administrative Agent on behalf of the Senior Lenders and, as contemplated thereunder, CPI, CCI and CBI, applied for and obtained the Initial Order granting creditor protection under the CCAA. The Initial Order applies to the LP Entities. National Post Inc. is not included in the CCAA filing. The Initial Order provides for a general stay of proceedings, which has been extended in subsequent Orders to June 30, 2010 and may be further extended by the Court.

On January 11, 2010, RBC commenced the SISP under the supervision of the Monitor with a view to obtaining proposals from prospective purchasers or investors to acquire all or substantially all of the assets and assume certain liabilities of the LP Entities or to invest in the LP Entities or the Business. The SISP was completed in two phases, with the final phase terminating on April 30, 2010, the date on which binding offers were submitted by qualified bidders.

In connection with the SISP, several offers were submitted, including from the Ad Hoc Committee. Pursuant to the Ad Hoc Committee Offer, the Purchaser will, pursuant to the Plan and the Asset Purchase Agreement, purchase the assets and assume certain liabilities of the LP Entities and the shares of National Post Inc. for the consideration described in the Plan and in this Circular. After reviewing the offers received in connection with the SISP, the Monitor, after consultation with the Chief Restructuring Advisor and RBC, has determined in its reasonable business judgement that the Ad Hoc Committee Offer is a superior cash offer as defined in the SISP and has recommended it to the Special Committee. The Special Committee has accepted the recommendation and the Meeting has been called for the Plan to be considered.

By Order dated May 17, 2010, the Court approved the Ad Hoc Committee Offer and authorized the LP Entities to enter into the Asset Purchase Agreement. The Order approving the Ad Hoc Committee Transaction and Amending the Claims Procedure Order and the SISP Procedures also approved an Amended Claims Procedure Order and amended the SISP Procedures to extend the date for required closing of the Ad Hoc Committee Transaction to July 29, 2010 and to permit the LP Entities to pursue the Ad Hoc Committee Transaction while preserving the option to fall back on the Credit Acquisition.

## **Purpose of the Plan**

The purpose of the Plan is to: (i) effect a compromise, settlement and payment of all Affected Claims as finally determined for distribution purposes by the Amended Claims Procedure Order, the Meeting Order and the Plan; (ii) implement the closing of the Asset Purchase Agreement; (iii) enable the Purchaser to continue the Business as a going concern from and after the Plan Implementation Date; and (iv) safeguard substantial employment.

## **Meeting**

Pursuant to the Meeting Order, the Meeting for the Affected Creditors will be held on June 10, 2010 at the Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario, Canada at 10:00 a.m. (Toronto time). The purpose of the Meeting is to consider and, if thought advisable, to pass, with or without variation, the Resolution to approve the Plan proposed by the LP Entities under the CCAA. See "Notice of Meeting".

In order for the Plan to be approved and be binding in accordance with the CCAA, the Resolution to approve the Plan must first be approved by a majority in number of the Affected Creditors and voting or deemed to vote on the Resolution (in person, by Master Ballot or by proxy) at the Meeting and representing not less than 66 $\frac{2}{3}$ % in value of the Affected Claims of the Affected Creditors voting or deemed to vote at the Meeting. See "Description of the Plan – Creditor Approval".

## **Entitlement to Vote and Receive Distributions**

The validity and quantum of the Affected Claims of Affected Creditors are determined for voting and distribution purposes in accordance with the procedures set forth in the Amended Claims Procedure Order and Meeting Order, copies of which are attached as Appendix C and D to this Circular, respectively.

Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 shall be deemed to have made a Cash Election and to vote in favour of the Plan.

Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 shall (i) be entitled to vote their Voting Claims at the Meeting in respect of the Plan if a valid Cash Election is not made in accordance with the Plan or, (ii) be deemed to vote their Voting Claims in favour of the Plan if a valid Cash Election is made in accordance with the Plan.

Each Affected Creditor with a Proven Claim equal to or less than \$1,000, or with a Proven Claim greater than \$1,000 and who has made or is deemed to have made a valid Cash Election, shall receive a distribution from the Unsecured Creditors' Cash Pool in such Affected Creditor's Cash Elected Amount in accordance with the Plan.

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

Subject to any restrictions contained in Applicable Laws, an Affected Creditor may transfer or assign the whole (but not part) of its Claims. If an Affected Creditor transfers or assigns its Claims, the LP Entities and the Monitor shall only be obligated to recognize the transferee for voting purposes if the transferee or assignee delivers evidence of its ownership of such Claim together with a written request to the Monitor that such transferee's name be included on the list of Affected Creditors entitled to vote. Such delivery must be made by not later than May 18, 2010, in the case of the LP Noteholders and LP Subordinated Lenders, and by not later than May 27, 2010 in the case of other Affected Creditors. If an Affected Creditor transfers or assigns its Claims, the LP Entities and the Monitor shall only be obligated to recognize the transferee for distribution purposes if the transferee or assignee

delivers notice and satisfactory evidence of such transfer or assignment and an executed Letter of Instruction (and a Canadian Creditor Declaration if applicable) on or before the Plan Sanction Date.

With respect to the treatment of Disputed Claims, see “Description of the Plan – Treatment of Affected Creditors – Disputed Claims”.

### **Voting of Proxies and Master Ballots**

Affected Creditors other than LP Noteholders who wish to vote at the Meeting must ensure that duly completed proxies are received by the Monitor prior to 5:00 p.m. (Toronto time) on June 7, 2010 or three (3) Business Days prior to any adjournment of the Meeting. All proxies must be sent by regular mail, courier, fax or e-mail to the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101, email: CanwestLP@fticonsulting.com.

The votes of LP Noteholders are to be indicated by VIF or Beneficial Owner Ballot and then transferred by the LP Noteholder’s nominee or its agent to a Master Ballot. Duly completed Master Ballots must be received by the Monitor prior to 5:00 p.m. (Toronto time) on June 9, 2010 or one (1) Business Day before the time of any adjournment or postponement of the Meeting. All Master Ballots must be delivered by regular mail, courier, fax or e-mail to the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101, email: CanwestLP@fticonsulting.com.

### **Status of Claims Process**

On April 12, 2010, the Claims Procedure Order was issued authorizing the LP Entities to conduct a process for calling for and determining the Claims of certain creditors. Among other things, the Claims Procedure Order established 5:00 p.m. on May 7, 2010 as the Claims Bar Date. The Claims Procedure Order provided that after the initial call for claims, no steps would be taken for the adjudication or determination of claims unless, among other things, a determination was made by the LP Entities, the Monitor, the Administrative Agent and the Chief Restructuring Advisor that the resolution of claims was required to close a successful bid identified in the SISF. On May 10, 2010, the LP Entities, the Monitor and the Administrative Agent determined that steps should be taken to resolve claims set out in the Amended Claims Procedure Order and the adjudication and resolution of claims commenced. The Claims Procedure Order was amended by the Amended Claims Procedure Order, pursuant to which the LP Entities are calling for Employee Claims and Director/Officer Claims. The Amended Claims Procedure Order also established a Claims Bar Date of June 3, 2010 for Restructuring Period Claims, Employee Claims and Director/Officer Claims. While the Monitor cannot currently provide the final aggregate amount of Claims that will be accepted for distribution purposes, the Monitor will provide an update on the status of the Claims Procedure in the Monitor’s Plan Report.

### **Allocations of Distributions**

- (a) On the Initial Distribution Date and each subsequent Distribution Date, each Affected Creditor with a Proven Claim of less than or equal to \$1,000 shall be deemed to have made a Cash Election and shall receive a distribution from the Unsecured Creditors’ Cash Pool in the Cash Elected Amount.
- (b) On the Initial Distribution Date and each subsequent Distribution Date, each Affected Creditor with a Proven Claim of greater than \$1,000 shall receive:
  - (i) if such Affected Creditor has made a valid Cash Election, a distribution in the Cash Elected Amount in satisfaction of such entire claim;
  - (ii) if such Affected Creditor has not made a valid Cash Election, a distribution of Shares such that after giving effect to that distribution and any prior distributions, each Affected Creditor shall have received its Pro Rata Share. Each such Affected Creditor who is a Canadian Creditor who has completed a Canadian Creditor Declaration that has been received by the Monitor on or before the Plan Sanction Date or such other date as the Monitor may determine shall receive from Holdco or its agent, as

applicable, in accordance with the Plan, Voting Shares and each Affected Creditor who has not delivered a properly completed Canadian Creditor Declaration on or before 5:00 p.m. (Toronto time) on the Plan Sanction Date or such other date as the Monitor may agree shall receive Variable Voting Shares.

Following the distribution of Shares to Affected Creditors, such distributed Shares are expected to account for approximately 45% of the issued and outstanding Shares in the capital of Holdco. Distributions to Affected Creditors are anticipated to commence on the Initial Distribution Date (subject to any Disputed Claims remaining unquantified as at that date) in accordance with the Letter of Instruction, if applicable, and may be effected by distribution of share certificates or, at the option of Affected Creditors such other evidence of Share ownership specified in the Letter of Instruction. The last distributions are to be made on the Final Distribution Date. Any Disputed Claims to the extent they have not become Proven Claims on or before Final Distribution Date shall be forever barred, discharged and released without any compensation therefor.

See “Description of the Plan – Treatment of Affected Creditors”.

### **Description of the Capital Structure of Purchaser and Holdco**

Holdco will be authorized to issue an unlimited number of Voting Shares and an unlimited number of Variable Voting Shares. Both Voting Shares and Variable Voting Shares carry one (1) vote per share except that the Variable Voting Shares cannot carry more than 49.9% of the votes attached to all issued and outstanding voting shares of Holdco. Affected Creditors who have not made a valid Cash Election and who do not provide a properly completed Canadian Creditor Declaration to the Monitor within the requisite time period will receive Variable Voting Shares. Purchaser and Holdco will raise approximately \$950 million in the aggregate of committed financing, consisting of funded debt and equity which will be used to repay all amounts owing to Senior Lenders. See “Description of the Plan – Description of the Capital Structure of Purchaser and Holdco”.

### **Board of Directors and Management of the LP Entities**

On March 1, 2010, all of the then directors and officers of the LP Entities resigned their directorships and offices with the LP Entities. In addition, Dennis Skulsky, the then-current president of CPI announced his resignation effective April 30, 2010. On April 25, 2010, Canwest announced the appointment of Kevin Bent as Interim President of CPI. Mr. Bent reports directly to the Special Committee. Dennis Skulsky has entered into a consulting arrangement with the LP Entities that continues until August 31, 2010. The other senior employees of the LP Entities continue to carry on the day to day operations of the LP Entities. For matters requiring approval of the board of directors of an LP Entity, the shareholders of the applicable LP Entity may pass a resolution authorizing named individuals to complete the required actions.

### **Court Approval**

If the Resolution to approve the Plan is approved at the Meeting in accordance with the CCAA, the LP Entities intend to bring a motion seeking the Sanction and Vesting Order on or about June 18, 2010 at 10:00 a.m. (Toronto time) at 330 University Avenue, Toronto, Ontario, M5G 1R8. Any Affected Creditor who wishes to appear or be represented and to present evidence or arguments at the hearing must file a notice of appearance and serve such notice of appearance on the LP Entities’ legal counsel, Osler, Hoskin & Harcourt LLP (Attention: Lyndon Barnes), at least seven (7) days before the Court hearing. See “Description of the Plan – Court Approval”.

### **Recommendation of the Monitor**

On January 8, 2010, the Court appointed FTI as the Monitor under the terms of the Initial Order. The Monitor has reviewed the terms of the Plan, and determined as follows.

The Monitor believes that implementation of the Plan is essential to provide recovery to unsecured creditors. If the Plan is not implemented, the Monitor believes that the likely alternative to the Plan would be the implementation of the Credit Acquisition or, if the Credit Acquisition Agreement expires and is not extended, a further sales process or potentially a liquidation of the assets of the LP Entities under the CCAA and/or the

Bankruptcy and Insolvency Act (Canada) and the distribution of the net proceeds of such sale or liquidation to creditors in accordance with their respective priorities.

There will be no recovery for the Affected Creditors or any other unsecured creditors of the LP Entities if the Credit Acquisition is implemented. The SISP, which the Monitor believes, constituted a thorough canvassing of the market, produced only one Superior Cash Offer. Therefore, at this time and based on the results of the SISP, it is unlikely that any offer derived from a further sales process or liquidation of the LP Entities' assets would include recovery for unsecured creditors.

The Meeting to consider the Plan is scheduled for June 10, 2010. The Monitor believes the Plan will produce a more favourable result for the Affected Creditors than the Credit Acquisition or a further sale process or liquidation of the LP Entities' assets. **Accordingly, the Monitor recommends that Affected Creditors approve the Plan and vote in favour of the Resolution.**

#### **Recommendation of the Special Committee and the LP Entities**

Pursuant to the SISP, the Monitor determined in its reasonable business judgement in consultation with RBC and the Chief Restructuring Advisor that the Ad Hoc Committee Offer was a Superior Cash Offer. The Monitor therefore made a recommendation to the Special Committee that the Ad Hoc Committee Offer be accepted and that a definitive agreement be negotiated and settled in respect thereof. The Special Committee accepted the Monitor's recommendation and authorized the LP Entities to seek an Order authorizing the LP Entities to hold a meeting of Affected Creditors to approve the Plan and to enter into and consummate the transactions contemplated by the Ad Hoc Committee Offer.

The LP Entities support the Plan and believe that the Plan will produce a more favourable result for the Affected Creditors and other stakeholders of the LP Entities than either the Credit Acquisition or a liquidation of the assets of the LP Entities. There will not be any realization for the Affected Creditors if the Credit Acquisition is implemented. Similarly, the LP Entities are of the view that there is not likely to be any realization for the Affected Creditors or other unsecured creditors of the LP Entities in a liquidation.

**Consequently, the LP Entities recommend that Affected Creditors vote FOR the Resolution.**

#### **Risk Factors**

Affected Creditors should carefully consider certain risk factors relating to, among other things, the Business, the implementation or non-implementation of the Plan and the issuance of the Shares pursuant to the Plan. See "Risk Factors".



## **CIRCULAR**

This Circular is furnished in connection with the solicitation of proxies and votes by and on behalf of management of the LP Entities for use at the Meeting for the purposes set forth in the Notice of Meeting addressed to Affected Creditors. No Person has been authorized to give any information or to make any representations in connection with the compromise and reorganization described in the Plan other than those contained or referred to in this Circular and, if given or made, any such other information or representation should be considered as not having been authorized.

All summaries of, and references to, the Plan in this Circular are qualified in their entirety by reference to the complete text of the Plan. A copy of the Plan is attached as Appendix B to this Circular. Affected Creditors are urged to carefully read the full text of the Plan. All summaries of, and references to, other documents entered into in connection with the Plan are qualified in their entirety by the definitive documentation thereof and the terms of such documents described herein may, in accordance with the terms thereof and of the Plan, be modified, amended or supplemented.

The Monitor has not audited any of the information contained in this Circular.

### **PROCEDURE FOR THE MEETING**

The Meeting will be held and conducted in accordance with the provisions of the CCAA, the Plan, the Meeting Order, the Amended Claims Procedure Order and any further Order, notwithstanding the provisions of any other agreement or instrument.

A representative of the Monitor will act as the chair of the Meeting and decide all matters relating to the conduct of the Meeting. The only Persons entitled to attend the Meeting are those Persons entitled to vote at the Meeting and their proxy holders and legal counsel and advisors, representatives of the LP Entities and their respective legal counsel and advisors, the Monitor and its legal counsel, Holdco, the Purchaser and their respective legal counsel and advisors, representatives of the Ad Hoc Committee and their legal counsel and advisors, and the Persons appointed to act as scrutineers at the Meeting. Any other Person may be admitted on invitation of the chair of the Meeting.

The quorum for the Meeting is one Affected Creditor present in person or by proxy at the Meeting.

In order that the Plan be binding on the Affected Creditors in accordance with the CCAA, the Resolution to approve the Plan must first be approved by a majority in number of the Affected Creditors having an Affected Claim and voting or deemed to vote on the Resolution (in person represented by Master Ballot or by proxy) at the Meeting and representing not less than 66⅔% in value of the Affected Claims of the Affected Creditors voting or deemed to vote at the Meeting. A ballot will be taken on the passage of the Resolution or any amendment thereto.

Every question submitted at the Meeting, except the passage of the Resolution or any amendments thereto, will be decided by a majority of the votes given by a show of hands or, if a written ballot is requested by an Affected Creditor or determined to be necessary by the chair of each the Meeting, by a majority of votes cast on the written ballot, and will be binding on all Affected Creditors.

### **ENTITLEMENT TO VOTE AND RECEIVE DISTRIBUTIONS**

#### **Amended Claims Procedure Order and Meeting Order**

The procedure for determining the validity and value of the Claims of Affected Creditors for voting and distribution purposes is set forth in the Amended Claims Procedure Order and the Meeting Order, copies of which are attached as Appendix C and D to this Circular, respectively.

The Amended Claims Procedure Order and the Meeting Order provide for, among other things: (a) claims bar dates prior to which Affected Creditors must file a Proof(s) of Claim in order to be entitled to vote on the

Resolution and receive distributions pursuant to the Plan, (b) the procedures pursuant to which the validity and value of Affected Claims of Affected Creditors are determined for voting and distribution purposes, and (c) the conversion of Claims denominated in foreign currency into Canadian dollars. **All Affected Creditors should refer to the Amended Claims Procedure Order and the Meeting Order for a complete description of the procedures pursuant to which value will be ascribed to Claims for both voting and distribution purposes.**

For the purposes of voting or distribution, an Affected Claim shall be denominated in Canadian dollars and all payments and distributions to such Affected Creditors on account of their Affected Claims shall be made in Canadian dollars. Any Affected Claim in a currency other than Canadian Dollars must be converted to Canadian dollars, and such amount shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date which rate is CDN\$1.0344:U.S.\$1.00.

### ***Voting Rights***

Each Affected Creditor is entitled to attend and to vote at the Meeting other than LP Noteholders who must vote through their nominees. Each Affected Creditor is entitled to one (1) vote, which vote will have the value of its Affected Claim as determined in accordance with the Amended Claims Procedure Order or the Meeting Order. Only those LP Noteholders and LP Subordinated Lenders who have beneficial ownership of a Claim as at the Noteholder Record Date shall be entitled to vote at the Meeting.

Affected creditors with Claims of less than or equal to \$1,000 or that have opted to take the Cash Election pursuant to the Plan shall be deemed to have voted in favour of the Plans.

An Affected Creditor holding a Disputed Claim over \$1,000 that has not made or been deemed to have made a valid Cash Election will be entitled to vote at the Meeting based on the determination of the value of such Affected Creditor's Voting Claim determination of the value of its Claim for purposes of voting as set out in its Proof of Claim, without prejudice to the rights of the LP Entities or such Affected Creditor with respect to the final determination of the Affected Creditor's Claim for distribution purposes in accordance with the terms of the Amended Claims Procedure Order. For Affected Creditors, other than Affected Creditors under the LP Senior Subordinated Credit Agreement, if the value of the Affected Claim has not been determined by the date of the Meeting, the relevant LP Entity shall either: (i) accept the Affected Creditor's determination of the Affected Claim only for the purposes of voting and conduct the vote on that basis subject to a final determination of such Affected Claim, and in such case the Monitor shall record separately the value of such Affected Claim and whether such Affected Creditor voted in favour of or against the Plan; (ii) subject to the written consent of the Purchaser, adjourn the Meeting until a final determination of the Affected Claim is made; or (iii) deal with the matter as the Court may otherwise direct or as the LP Entities, the Monitor and the Affected Creditor may otherwise agree. For Affected Creditors with Claims under the LP Senior Subordinated Credit Agreement, if the value of the Affected Claim has not been determined on or before June 7, 2010, or three (3) days prior to the adjournment of the Meeting, such Affected Claims shall be dealt with in the same manner as (i) above.

The Monitor will report to the Court no later than two (2) Business Days after the Meeting with respect to: (i) the results of the voting on the Resolution to approve the Plan, (ii) whether the required majority has approved the Plan and (iii) the effect on the results of the voting had the Affected Creditors also voted the amount of their Claim, disputed for voting purposes.

If an Affected Creditor (other than an LP Noteholder or an LP Subordinated Lender) transfers all of its Affected Claim and the transferee delivers evidence of its ownership of such Claim together with a written request to the Monitor, not later than May 27, 2010, that such transferee's name be included on the list of Affected Creditors entitled to vote at the applicable Meeting, then such transferee will be entitled to attend and vote, either in person or by proxy, the transferor's Affected Claim at the Meeting in lieu of the transferor. For greater certainty the LP Entities shall not recognize partial transfers or assignments of Claims.

### ***Distribution Rights***

Each Affected Creditor with a Claim accepted for purposes of distribution is entitled to receive distributions as set forth under the Plan. The value of such Affected Creditor's Claim will be determined in accordance with the Amended Claims Procedure Order and Meeting Order. For Disputed Claims, Affected Creditors should refer to "Description of the Plan – Treatment of Affected Creditors – Disputed Claims" in order to ascertain the treatment of such Disputed Claim under the Plan.

Subject to any restrictions contained in Applicable Laws:

- (a) if an Affected Creditor with a Proven Claim or a Disputed Claim equal to or less than \$1,000 or an Affected Creditor with a Proven Claim or a Disputed Claim greater than \$1,000 who has made a valid Cash Election in accordance with the Plan transfers or assigns the whole of its Affected Claim to another Person after the Meeting, neither the LP Entities nor the Monitor will be obligated to deal with the transferee or assignee of the Affected Claim as the Affected Creditor in respect thereof unless and until notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment has been received by the Monitor and the LP Entities on or before the Plan Sanction Date or such other date as the Monitor may agree.
- (b) An Affected Creditor (other than an LP Noteholder or an LP Subordinated Lender) with a Proven Claim or a Disputed Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan may transfer or assign the whole of its Claim after the Meeting provided that the LP Entities shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment and a duly completed and executed Letter of Instruction has been received by the LP Entities on or before the Plan Sanction Date, or such other date as the Monitor may agree, provided that if such transferee or assignee wishes to receive distributions of Voting Shares, such transferee or assignee must also provide the Monitor and the LP Entities with a duly completed Canadian Creditor Declaration on or before the Plan Sanction Date, or such other date as the Monitor may agree. For greater certainty, a transferee or assignee of an Affected Creditor of the LP Entities with a Proven Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan shall only be entitled to receive Variable Voting Shares unless such transferee or assignee provides the Monitor and the LP Entities with a duly completed Canadian Creditor Declaration on or before the Plan Sanction Date, or such other date as the Monitor may agree.
- (c) Notwithstanding the foregoing, those LP Noteholders and LP Subordinated Lenders who have beneficial ownership of a Claim shall not be restricted from transferring or assigning, in whole or in part, their respective Claims at any time provided that the LP Entities shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the LP Entities and the Monitor together with a Letter of Instruction no later than the Plan Sanction Date, or such other date as the Monitor may agree, and provided further that if such transferee or assignee wishes to receive distributions of Voting Shares, such transferee or assignee must also provide the Monitor and the LP Entities with a duly completed Canadian Creditor Declaration by on or before the Plan Sanction Date, or such other date as the Monitor may agree.

### **Canadian Creditor Declaration**

Affected Creditors with Proven Claims or Disputed Claims who do not make a valid Cash Election and who are Canadian Creditors and wish to receive Voting Shares in compromise and satisfaction of their Proven Claims must deliver a duly completed and executed Canadian Creditor Declaration to the Monitor on or before the

Plan Sanction Date or such other date as the Monitor may agree. Affected Creditors with Proven Claims or Disputed Claims who do not make a valid Cash Election and are not Canadian Creditors or who do not properly complete and deliver a Canadian Creditor Declaration will receive Variable Voting Shares in respect of their Proven Claims. Duly completed Canadian Creditor Declarations must be received by the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101, on or before the Plan Sanction Date or such other date as the Monitor may agree.

### **Solicitation of Proxies and Votes by Master Ballot**

Affected Creditors entitled to vote at the Meeting may vote by proxy, by attendance at the Meeting or, in the case of the LP Noteholders, by Master Ballot submitted by the LP Noteholder's nominee or its agent.

Solicitation of proxies and votes will be primarily by mail, and may be supplemented by telephone or other personal contact by the employees or agents of Canwest or the Limited Partnership, and the costs of such solicitation will be borne by the LP Entities as a cost of the CCAA Case. The form of proxy and ballot is relevant for voting purposes only, and the completion and delivery of a form of proxy or ballot, as applicable, by an Affected Creditor will not affect any distribution proposed to be made to such Affected Creditor under the Plan, if implemented.

The proxy must be in writing and executed by the Affected Creditor or its attorney or agent duly authorized in writing or, if the Affected Creditor is not an individual, by a duly authorized officer or attorney thereof. A form of proxy signed by a person acting as attorney, or in some other representative capacity, should indicate such person's capacity. An Affected Creditor wishing to appoint an individual (who need not be an Affected Creditor) other than the individuals named in the accompanying form of proxy, may do so by inserting that other individual's name in the blank space on the form of proxy or by completing another valid form of proxy.

The LP Entities have enlisted the services of a solicitation agent to facilitate the participation of LP Noteholders in the vote on the Plan. As outlined in general terms in the Meeting Order, certain materials relating to the Meeting are being distributed to the LP Noteholders. LP Noteholders may vote by completing either a VIF or a Beneficial Owner Ballot. LP Noteholders that choose to vote by Beneficial Owner Ballot must complete the voting section in the Beneficial Owner Ballot and return the Beneficial Owner Ballot to either an intermediary or, where the beneficial interest in the Senior Subordinated Notes is held through a participant, the participant (the intermediary and the participant are, in each such case, the "**Nominee**"). The Nominee or its agent must then complete the Beneficial Owner Ballot by filling in information including the name of the LP Noteholder, the name of the registered owner of the Senior Subordinated Notes, the principal amount of securities held by the Nominee for the LP Noteholder and the account number in which the Senior Subordinated Notes are held. The Nominee or its agent must then transfer the information from the Beneficial Owner Ballots and the VIFs received to a Master Ballot and return the Master Ballot by courier, fax or email to the Monitor.

In any case of Affected Creditors other than LP Noteholders, in order to be acted on at the Meeting, a duly completed proxy must be received by the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101, prior to 5:00 p.m. (Toronto time) on June 7, 2010 or three (3) Business Days prior to any adjournment of the Meeting. Master Ballots submitted in respect of the LP Noteholders must be received by the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101, prior to 5:00 p.m. (Toronto time) on June 9, 2010 or one (1) Business Days prior to any adjournment of the Meeting.

### ***Voting of Proxies and Master Ballots***

Any Affected Creditor's proxy or vote as indicated on a Master Ballot will be voted on any ballot in accordance with the Affected Creditor's instructions to vote for or against the approval of the Resolution. **In the absence of such instructions in a proxy (but not a Master Ballot or Beneficial Owner Ballot), the proxy will be voted FOR the approval of the Resolution.** The forms of proxy also confer discretionary authority on the individuals designated therein with respect to amendments or variations of matters identified in the Notice of Meeting and other matters that may properly come before the Meeting. As of the date hereof, the LP Entities know

of no such amendment, variation or other matters to come before the Meeting. See “Description of the Plan – Modification of the Plan” for information on amendments to the Plan.

### **Advice to LP Noteholders**

The information set forth in this section is of significant importance to LP Noteholders, as the LP Noteholders do not hold Senior Subordinated Notes registered in their own name on the records of the Limited Partnership, but rather, hold Senior Subordinated Notes that are registered in the name of an intermediary, such as an investment dealer, broker, bank, trust company, trustee, custodian or other nominee, or a clearing agency in which the intermediary participates. LP Noteholders should note that only registered LP Noteholders and duly appointed proxyholders for LP Noteholders whose names appear on the records of the Limited Partnership as the registered holders of LP Notes as of the Record Date can be recognized and voted on at the Meeting, Senior Subordinated Notes are registered under the name of The Depository Trust Company (“**DTC**”), which acts as nominee for many US brokerage firms. Without specific instructions, brokers and other nominees are prohibited from voting Senior Subordinated Notes on behalf of their clients. The management of the Limited Partnership do not know for whose benefit the LP Notes registered in the name of DTC are held.

Applicable regulatory policy requires brokers and other nominees to seek voting instructions from LP Noteholders in advance of noteholders’ meetings. Every broker or other nominee has its own mailing procedures and provides its own return instructions, which should be carefully followed by LP Noteholders in order to ensure that their Senior Subordinated Notes are voted at the Meeting. The majority of brokers and nominees now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada and its counterpart in the United States (“**Broadridge**”). Broadridge typically applies a special sticker to the voting information forms, mails those forms to the LP Noteholders and asks LP Noteholders to return the voting information forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Senior Subordinated Notes to be represented at the Meeting. An LP Noteholder receiving a voting information form with a Broadridge sticker on it cannot use that form to vote its Affected Claims directly at the Meeting.

Each LP Noteholder should contact his, her, or its broker or other nominee and carefully follow the voting instructions provided by such broker or nominee.

LP Noteholders needing assistance may also contact Laurel Hill Advisory Group, the Limited Partnership’s proxy and voting solicitation agent, toll-free in North America at 416-304-0211 and outside of North America call collect at 1-877-304-0211.

## **BACKGROUND TO THE COMPROMISE AND ARRANGEMENT**

### **Events Prior to the Filing for Protection under the CCAA**

The LP Entities’ operating income and cash flows for the past eighteen (18) months reflect the effects of the deterioration in the economy and reduced advertising revenue on their operations. These conditions have reduced cash flows from operations and have impacted the liquidity of the LP Entities. As at February 28, 2010, current liabilities and liabilities subject to compromise significantly exceed current assets. The Limited Partnership is in default under the terms of its Senior Credit Agreement, the LP Senior Subordinated Credit Agreement and the indenture governing its Senior Subordinated Notes because it failed to make payments of interest and principal in accordance with its Senior Credit Agreement and its related Hedging Agreements, it failed to make interest payments on the LP Senior Subordinated Credit Agreement and its Senior Subordinated Notes and it failed to satisfy the demand for immediate repayment of its obligations related to the Hedging Agreements.

As at May 31, 2009, the Limited Partnership was not in compliance with its financial covenants under its Senior Credit Agreement. From May 2009 to August 2009, the Limited Partnership did not make interest and principal payments pursuant to the Senior Credit Agreement and the associated Hedging Agreements or in respect of the LP Senior Subordinated Credit Agreement or its Senior Subordinated Notes. These payments were not made in

order to preserve liquidity to fund operations while the Limited Partnership worked to negotiate a potential recapitalization transaction. As a result of the payment default under the Senior Credit Agreement, the counterparties to the Hedging Agreements terminated the Hedging Agreements and demanded immediate payment of an aggregate of \$68.9 million.

On August 31, 2009, the LP Entities entered into a forbearance agreement with the Administrative Agent pursuant to which the lenders under the Senior Credit Agreement agreed not to take any steps with respect to the defaults under the Senior Credit Agreement and to work with management of the Limited Partnership to develop and implement a consensual prepackaged restructuring, recapitalization, or reorganization of the LP Entities. The Limited Partnership agreed to pay the interest owing and the continuing interest on its obligations under the Senior Credit Agreement and the interest amounts due in respect of the Secured Hedge Obligations. The forbearance agreement, as extended, expired on November 9, 2009. The Limited Partnership has continued to pay the interest on the obligations under the Senior Credit Agreement and the Secured Hedging Obligations. The Limited Partnership was also in default under the terms of the LP Senior Subordinated Credit Agreement and the Senior Subordinated Notes and did not enter into any forbearance arrangements with these unsecured lenders or the note holders thereunder.

Effective as of October 30, 2009, the business of The National Post Company, including substantially all of its assets and certain of its liabilities, was transferred from The National Post Company, a subsidiary of Canwest Media Inc., to National Post Inc., a wholly-owned subsidiary of CPI.

### **Filing for Protection under the CCAA**

On January 8, 2010, the LP Entities entered into the Support Agreement with the Administrative Agent on behalf of the Senior Lenders and, as contemplated thereunder, the Applicants applied for and obtained the Initial Order from the Court granting creditor protection under the CCAA. The Initial Order applies to the LP Entities. National Post Inc. is not included in the CCAA filing. The Initial Order provides for a general stay of proceedings that has been extended to June 30, 2010 and may be further extended by the Court.

Under the terms of the Initial Order, the Monitor was appointed to, among other things, monitor the receipts and disbursements of the LP Entities, to report to the Court from time to time on matters that may be relevant to the CCAA Case, to assist the Chief Restructuring Advisor and to supervise the SISP.

Pursuant to the Initial Order, and subject to the conditions set out therein and the requirements set out in the Support Agreement and DIP Agreement, the LP Entities are, among other things, permitted to (a) pay outstanding and future employee wages, salaries and employee benefits, employee related obligations and employee incurred expenses; (b) pay outstanding amounts for goods and services from suppliers considered critical to the ongoing operations of the LP Entities, sales taxes, certain amounts due to Governmental Authorities, and amounts due under sales representation agreements; (c) pay future expenses and capital expenditures reasonably necessary to carry on the operations of the LP Entities; and (d) make available to National Post Inc., secured revolving loans to a maximum of \$12.9 million. The Initial Order also allows the LP Entities, subject to the provisions of the CCAA, to disclaim any arrangement or agreement. Any reference herein to any such agreements or arrangements and to termination rights or a quantification of an LP Entity's obligations under any such agreements or arrangements is qualified by any overriding disclaimer or other rights the LP Entities may have as a result of or in connection with the CCAA Case. Claims may be allowed related to damages of counterparties arising as a result of such disclaimers.

The Initial Order created a number of new charges against substantially all of the current and future assets of the LP Entities that rank in priority to certain other security interests, trusts, liens, charges and encumbrances. These charges, in order of priority, include (i) an administration charge to secure amounts owing to the Monitor and certain restructuring and financial advisors, up to a maximum of \$3.0 million; (ii) a DIP charge to the extent of any obligations outstanding under the DIP Facility and the existing security interest granted by the LP Entities to secure obligations under the LP Entities' centralized cash management system up to \$7.5 million, ranked on a *pari passu* basis; (iii) a charge to secure fees payable to RBC as the financial advisor engaged to conduct the SISP, up to a maximum of \$10.0 million; (iv) a directors' charge to secure the indemnity created under the Initial Order in favour

of the directors and officers of the LP Entities; and (v) a management incentive payment charge, each with equal priority, to a maximum of \$35.0 million and \$3.0 million, respectively (the Limited Partnership management incentive plan charge was subsequently increased to \$4.3 million on March 26, 2010).

The Initial Order also authorized the LP Entities to seek approval of the Senior Lenders' Plan, which was approved by the Senior Lenders on January 27, 2010. Under the Senior Lenders' Plan, the Senior Lenders' Claims would be satisfied through the completion of the Credit Acquisition, in which case the amount of the Senior Lenders' Claims would be deemed satisfied, less a discount of \$25 million, which will continue to constitute outstanding unsecured claims against the LP Entities. The Credit Acquisition does not provide for any recovery for any equity holders or any other unsecured creditors of the LP Entities. The implementation of the Credit Acquisition was subject to the identification of a superior offer in the SISP.

The stay of proceedings provided for in the Initial Order generally precludes parties from taking any action against the LP Entities for breach of contractual or other obligations. The purpose of the stay is to provide the LP Entities with the opportunity to stabilize operations and business relationships with customers, vendors, employees and creditors and to allow the LP Entities to implement an orderly restructuring while continuing its day-to-day operations. On April 12, 2010, the Court extended the stay period until June 30, 2010.

The Initial Order approved the DIP Facility and on February 5, 2010, the DIP Credit Agreement was entered into. The DIP lenders will not be affected by any plan of compromise or arrangement filed by the LP Entities under the CCAA or any other restructuring.

The Limited Partnership has not drawn on the DIP Facility, but has the full DIP Facility available to draw on based on the borrowing base calculations as at the date hereof. The DIP Facility is secured by substantially all of the current and future assets of the LP Entities, including the shares of National Post Inc., subject only to a priority as listed in the priority of charges created in the Initial Order. The DIP Facility is also guaranteed by CPI, CCI, and CBI.

The DIP Facility matures, subject to acceleration under certain circumstances, on the earliest of: (i) July 31, 2010; (ii) the date of a plan of compromise or arrangement under the CCAA has been implemented by the LP Entities; or (iii) the date on which the Initial Order expires without being extended or on which the CCAA Case is dismissed or converted into bankruptcy proceedings. In addition, the DIP Facility is to be repaid with the net cash proceeds of asset sales by the LP Entities.

### **Sales and Investor Solicitation Process**

As part of the Initial Order, the Court authorized the commencement and conduct of the SISP pursuant to the SISP Procedures with the objective of obtaining an offer superior to the Credit Acquisition. Under the terms of the SISP, to be accepted, a successful bid would need to be either (a) a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Senior Lenders in an aggregate amount equal to the amount of their claims less a discount of \$25 million ("**Superior Cash Offer**"), or (b) either (i) a credible, reasonably certain and financially viable offer for the purchase of substantially all of the property of the LP Entities (including an offer where the cash component of the offer is less than the discounted amount of Senior Lenders' claims as determined in (a)), or (ii) an investment in and a reorganization of the LP Entities, in each of (i) and (ii) as approved by a formal vote of the Secured Lenders in which at least 66.7% in value of the secured debt under the Senior Credit Agreement and the Secured Hedge Obligations and at least an absolute majority in number of the Secured Lenders that participate in such vote approve such transaction.

The SISP was commenced by RBC on January 11, 2010 under the supervision of the Monitor and was completed in two phases, with the final phase terminating on April 30, 2010, the date on which binding offers were submitted. After reviewing the offers received, the Monitor, in consultation with RBC and the Chief Restructuring Advisor, determined in its reasonable business judgement that the Ad Hoc Committee Offer constituted a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Senior Lenders of the full amount of their Claim and was therefore a Superior Cash Offer. The Monitor accordingly recommended to the Special Committee that the Ad Hoc Committee Offer be accepted and a definitive agreement be negotiated and

settled to carry out the transactions contemplated by the Ad Hoc Committee Offer. The Special Committee accepted the Monitor's recommendation. Of particular significance to the parties' consideration of the Ad Hoc Committee Offer were the facts that the Ad Hoc Committee Offer included a realization for unsecured creditors of the LP Entities and contemplated an assumption of substantially all employee-related liabilities.

### **Ad Hoc Committee Order**

By Order dated May 17, 2010, the Court approved the Ad Hoc Committee Offer and authorized the LP Entities to enter into the Asset Purchase Agreement. The Order Approving the Ad Hoc Committee Transaction and Amending the Claims Procedure Order and the SISP Procedures also approved an Amended Claims Procedure Order and amended the SISP Procedures to extend the date for required closing of the Ad Hoc Committee Transaction to July 29, 2010 and to permit the LP Entities to pursue the Ad Hoc Committee Transaction.

### **Conditional Sanction Order**

The LP Entities are pursuing the Ad Hoc Committee Transaction but believe that it is prudent under the circumstances to maintain the option to pursue the Credit Acquisition in the unlikely event that the Ad Hoc Committee Transaction cannot be completed. The Support Agreement provides that the Support Agreement may be terminated in the event that the Credit Acquisition is not completed by June 30, 2010. The Support Agreement also contains certain covenants that could be interpreted to prohibit the LP Entities from concurrently obtaining Court approval of the Ad Hoc Committee Offer and sanction of the Senior Lenders' Plan. Therefore, in order to pursue this "dual track", the LP Entities obtained the consent of the Administrative Agent and the Senior Lenders.

On May 17, 2010, the Administrative Agent agreed to support the conditional sanction of the Senior Lenders' Plan and to obtain authorization from the steering committee of Senior Lenders to extend the deadline for closing the Credit Acquisition to July 30, 2010. The Administrative Agent also did not oppose the amendment of the SISP Procedures to permit the LP Entities to pursue implementation of the Ad Hoc Committee Transaction while preserving the option to fall back on the Credit Acquisition.

On May 17, 2010, the LP Entities obtained the Conditional Credit Acquisition Sanction, Approval and Vesting Order that sanctions the Senior Lenders' Plan but provides that the Senior Lenders' Plan is not effective unless the Monitor has delivered the Monitor's Credit Bid Sanction Certificate (as defined in such Order). The Monitor's Credit Bid Sanction Certificate cannot be delivered unless authorized by agreement of all parties or by further Order of the Court. It is the intention of the LP Entities to prioritize and pursue the Ad Hoc Committee Transaction and this priority is recognized by the Administrative Agent and in the Conditional Credit Acquisition Sanction, Approval and Vesting Order.

### **Further Court Orders**

#### ***Amended Claims Procedure Order***

On April 12, 2010, the Applicants obtained the Claims Procedure Order, which provides for, among other things, the establishment of a claims procedure for the identification and quantification of certain claims against the LP Entities. On May 17, 2010, the Court approved an Amended Claims Procedure Order that includes a call for Employee Claims and Director/Officers Claims. The Amended Claims Procedure Order also establishes a claims bar date of June 3, 2010 for Restructuring Period Claims, Employee Claims and Director/Officer Claims.

#### ***Meeting Order***

On May 17, 2010, the Court also granted the Meeting Order authorizing the LP Entities to call the Meeting and establishing the procedures for the vote in respect of the Plan. The Meeting Order authorizes the LP Entities to call a meeting of Affected Creditors on June 10, 2010. The Meeting Order also establishes a process for the determination of the *pro rata* claims of the Subordinated Lenders and procedures for proxies and balloting.



## STATUS OF CLAIMS PROCESS

On April 12, 2010, the Claims Procedure Order was issued authorizing the LP Entities to conduct a process for calling for and determining the Claims of certain of their Creditors. Among other things, the Claims Procedure Order established the Claims Bar Date of May 7, 2010 for Prefiling Claims. Pursuant to the Claims Procedure Order, no steps were to be taken to adjudicate or resolve claim unless, among other things, a determination was made by the LP Entities, the Monitor, the Administrative Agent and the Chief Restructuring Advisor that such steps were required to close a successful bid received in the SISP. The LP Entities and the Monitor commenced steps to adjudicate and resolve claims on May 10, 2010 after such determination was made (on terms contained in the Amended Claims Procedure Order) and the Monitor posted notice of same on the Website.

The Claims Procedure Order was amended by the Amended Claims Procedure Order dated May 17, 2010. Pursuant to the Amended Claims Procedure Order, the LP Entities are calling for Employee Claims and Director/Officer Claims. The claims bar date for Employee Claims, Director/Officer Claims and Restructuring Period Claims is June 3, 2010.

The Monitor cannot currently provide the final aggregate amount of Claims that will be accepted for distribution purposes. The Monitor will provide an update on the Claims Procedure in the Monitor's Report.

## DESCRIPTION OF THE PLAN

*The following description of the Plan is a summary only and is qualified in its entirety by the full text of the Plan. The governing document is the Plan, a copy of which is attached as Appendix B to this Circular.*

### **Purpose of the Plan**

The purpose of the Plan is to: (i) effect a compromise, settlement and payment of all Affected Claims as finally determined for distribution purposes by the Amended Claims Procedure Order, the Meeting Order and the Plan; (ii) implement the closing of the Asset Purchase Agreement; (iii) enable the Purchaser to continue the Business as a going concern from and after the Plan Implementation Date; and (iv) safeguard substantial employment; in the expectation that all Persons with an economic interest in the LP Entities will derive a greater benefit from the implementation of the Plan than would result from a bankruptcy of the LP Entities.

The Plan is the result of an extensive review of the available alternatives by the LP Entities, the Monitor, RBC and the Chief Restructuring Advisor and their financial and legal advisors to address the LP Entities' financial condition and to maximize recovery for the Affected Creditors under the circumstances.

Management is of the view that the Affected Creditors will derive a greater benefit from the implementation of the Plan than they would from the Credit Acquisition or forced sale or liquidation of the LP Entities' assets. The Credit Acquisition will not provide any realization for the unsecured creditors of the LP Entities, including Affected Creditors under this Plan. Management believes that there would be no recovery for Affected Creditors in the event the assets of the Applicants would be liquidated, and that the Plan will maximize recovery for the Affected Creditors under the circumstances.

In developing the Plan, the LP Entities have sought to achieve a fair and reasonable balance between all of its Affected Creditors while providing for the financial stability and future economic viability of the Business.

### **Impact of the Plan**

The Plan will reduce the consolidated debt of the Business. The Business will benefit from a reduction in annual principal repayments with respect to its long-term debt. Management believes that this will enable the Purchaser, following the implementation of the Plan, to maximize enterprise value.

### **Timing for Plan to Become Effective**

The following sets forth certain events and dates in the timeline to emergence by the LP Entities from the CCAA Case:

January 8, 2010:	Grant of Initial Order
May 17, 2010:	Meeting Order
May 20, 2010:	Mailing or otherwise making available the notice of the Meeting and related materials to Affected Creditors
June 10, 2010:	Meeting
On or about June 18, 2010:	Court Hearing in respect of the Sanction and Vesting Order
July 14, 2010:	Targeted date for Plan Implementation Date

### **Creditor Approval**

In order for the Plan to be approved and binding on the Affected Creditors in accordance with the CCAA, the Resolution to approve the Plan must first be approved by a majority in number of the Affected Creditors having an Affected Claim and voting or deemed to vote on the Resolution (in person, by Master Ballot or by proxy) at the Meeting and representing not less than 66 $\frac{2}{3}$ % in value of the Affected Claims of the Affected Creditors voting or deemed to vote at the Meeting. The Plan must also be sanctioned by the Court.

Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 shall be deemed to vote in favour of the Plan.

Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 shall (i) be entitled to vote their Voting Claims at the Meeting in respect of the Plan if a valid Cash Election is not made in accordance with the Plan or, (ii) be deemed to vote their Voting Claims in favour of the Plan if a valid Cash Election is made in accordance with the Plan.

### **Treatment of Affected Creditors**

#### ***Allocations of Distributions***

- (a) On the Initial Distribution Date and each subsequent Distribution Date, each Affected Creditor with a Proven Claim of less than or equal to \$1,000 shall be deemed to have made a Cash Election and shall receive a distribution from the Unsecured Creditors' Cash Pool in the Cash Elected Amount.
- (b) On the Initial Distribution Date and each subsequent Distribution Date, each Affected Creditor with a Proven Claim of greater than \$1,000 shall receive:
  - (i) if such Affected Creditor has made a valid Cash Election, a distribution in such Affected Creditor's Cash Elected Amount in satisfaction of such entire claim;
  - (ii) if such Affected Creditor has not made a valid Cash Election, a distribution of Shares such that after giving effect to that distribution and any prior distributions, each Affected Creditor shall have received its Pro Rata Share. Each such Affected Creditor who is a Canadian Creditor and has completed a Canadian Creditor Declaration that has been received by the Monitor on or before the Plan Sanction Date or such other

date as the Monitor may agree shall receive from Holdco or its agent, as applicable, in accordance with the Plan, Voting Shares and each Affected Creditor who has not delivered a properly completed Canadian Creditor Declaration on or before the Plan Sanction Date or such other date as the Monitor may agree shall receive Variable Voting Shares.

Following the distribution of Shares to Affected Creditors, such distributed Shares are expected to account for approximately 45% of the issued and outstanding Shares in the capital of Holdco. Distributions to Affected Creditors are anticipated to commence on the Initial Distribution Date in accordance with the Letter of Instruction, if applicable, and may be effected by distribution of share certificates or, at the option of the Affected Creditor and such other evidence of Share ownership specified in the Letter of Instruction. No distributions can be made until the maximum amount of all Disputed Claims is quantified (although not necessarily resolved). There is a risk that the Initial Distribution Date will not take place on or before seven (7) days following the Plan Implementation Date if the maximum amount of any Disputed Claims remain unquantified as at such date.

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

Affected Creditors will not receive their full allocation of Shares until the earlier of the resolution of all Disputed Claims and the Final Distribution Date.

### ***Fractional Interests***

Only whole numbers of Shares will be issued pursuant to the Plan. Recipients of Shares will have their Share entitlements adjusted downwards to the nearest whole number of Shares to eliminate any fractional Shares and no compensation will be given for the fractional interest. On the Final Distribution Date, to the extent any Shares remain as a result of the downward adjustments to eliminate fractions made in connection with the distribution on such day, those remaining shares shall be donated to Holdco for immediate cancellation.

### ***Disputed Claims***

Subject to further order of the Court or as otherwise agreed by the LP Entities, the Monitor and the Affected Creditor, an Affected Creditor holding a Disputed Claim (other than an LP Subordinated Lender) will be entitled to vote at the Meeting based on such Affected Creditor's determination of the value of its Affected Claim for purposes of voting as set out in its Proof of Claim. In the case of a disputed claim held by an LP Subordinated Lender, the LP Subordinated Lender's claim for voting purposes will be the amount set out in the Notice of LP Subordinated Lender Pro Rata Claims. In either case, the deeming of the value of an Affected Creditor's Disputed Claim for voting purposes is without prejudice to the rights of the LP Entities or such Affected Creditor with respect to the final determination of the Affected Claims distribution purposes in accordance with the terms of the Amended Claims Procedure Order and Meeting Order.

An Affected Creditor holding a Disputed Claim will not be entitled to receive a distribution under the Plan in respect thereof unless and until such Disputed Claim becomes a Proven Claim accepted for purposes of receiving distributions under the Plan.

Following the Plan Implementation Date the Monitor will administer and maintain the Disputed Claims Reserve in accordance with the Plan.

On the last Business Day of each month (or more frequently as the Monitor may determine in its sole and unfettered discretion), the Monitor, on behalf of the LP Entities, shall distribute in accordance with the Plan from the Disputed Claims Reserve to each holder of a Disputed Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, that has become a Proven Claim on or before the third business day prior to the Distribution Date (other than the Final Distribution Date, the appropriate portion of Shares in the Disputed Claims Reserve in respect of such Claim such that after giving effect to that distribution and any prior distribution, such Affected Creditor shall have received the Pro Rata Shares.

On the last Business Day of every month (or more frequently as the Monitor may determine in its sole and unfettered discretion), the Monitor, on behalf of the LP Entities, shall distribute in accordance with the Plan from the Disputed Claims Reserve to each other holder of a Proven Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, the appropriate portion of Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions each such Affected Creditor on such Distribution Date shall have received its Pro Rata Share

On the last Business Day of every month (or more frequently as the Monitor may determine in its sole and unfettered discretion), the Monitor, on behalf of the LP Entities, shall distribute in accordance with the Plan from the Disputed Claims Reserve to each holder of a Disputed Claim that has become a Proven Claim on or before the third Business Day prior to such Distribution Date who has made or been deemed to have made a valid Cash Election in accordance with the Plan and who has not yet received a cash distribution, the appropriate portion of cash in the Disputed Claims Reserve in respect of such Affected Claim that would have been distributed on the Initial Distribution Date had such Disputed Claim been a Proven Claim.

On the Final Distribution Date, any balance that remains in the Disputed Claims Reserve shall be distributed by the Monitor as follows:

- (a) any remaining portion of the Cash Elected Amounts that remain in the Disputed Claims Reserve shall be paid to the Purchaser; and
- (b) any Shares that remain in the Disputed Claims Reserve shall be distributed in accordance with the Plan such that after giving effect to any prior distributions each Affected Creditor with Proven Claims on the Final Distribution Date shall have received its Pro Rata Share.

Any Disputed Claims that have not become Proven Claims on or before the Final Distribution Date shall be forever barred, extinguished and released without any compensation.

### **Unaffected Claims**

The Plan does not affect the Unaffected Claims. Creditors with Unaffected Claims will not be entitled to vote or receive any distributions under the Plan. Nothing in the Plan will affect any LP Entity's rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Claims. Claims that are Unaffected Claims of any particular LP Entity will remain the obligations solely of such LP Entity and will not become obligations of any other entity.

### **Description of the Capital Structure of Purchaser and Holdco**

#### ***Voting and Variable Voting Shares***

Holdco will be authorized to issue an unlimited number of Voting Shares and an unlimited number of Variable Voting Shares.

The Voting Shares and Variable Voting Shares have identical terms (except for the optional conversion feature of the Voting Shares indicated below) and rank equally with respect to voting, dividends and rights upon liquidation except that Variable Voting Shares shall not carry one vote per Variable Voting Share if: (a) the number of issued and outstanding Variable Voting Shares exceeds 49.9% of the total number of all issued and outstanding Shares (“**Threshold A**”); or (b) the total number of votes that may be cast by or on behalf of holders of Variable Voting Shares present at any meeting of holders of Shares exceeds 49.9% of the total number of votes that may be cast by all holders of Voting Shares present and entitled to vote at such meeting (“**Threshold B**”). If either Threshold A or Threshold B is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically and without further act or formality, to equal the maximum permitted vote per Variable Voting Share. In the case of Threshold A, the Variable Voting Shares as a class cannot carry more than 49.9% of the aggregate votes of the Shares. In the case of Threshold B, the Variable Voting Shares as a class cannot, for the applicable shareholders’ meeting, carry more than 49.9% of the total number of votes that can be cast at the meeting.

Voting Shares cannot be held by a Person who is not a Canadian Creditor. Any issued and outstanding Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of Holdco or the holder, if such Voting Share is or becomes beneficially owned or controlled, directly or indirectly, by a Non-Canadian Creditor. Similarly, any issued and outstanding Variable Voting Share (other than Variable Voting Shares that have been converted from Voting Shares at the option of the holder as described below) shall be converted into one Voting Share, automatically and without any further act of Holdco or the holder if (i) such Variable Voting Share is or becomes beneficially owned or controlled, directly or indirectly, by a Person that is not a non-Canadian Creditor; or (ii) the provisions contained in section 19 of the ITA are repealed and not replaced with other similar provisions in the ITA or other applicable legislation; and (B) there is no Canadian federal or provincial law applicable to Holdco prescribed for the purposes of subsection 46(1) or paragraph 174(1)(c) of the CBCA or any other similar provision in the CBCA or the regulations thereunder.

A holder of Voting Shares has the option at any time to convert some or all of such shares into Variable Voting Shares on a one-for-one basis.

In the event that an offer is made to purchase Voting Shares and the offer is one which must, pursuant to applicable securities legislation or the rules of a stock exchange on which the Voting Shares are then listed, be made to all or substantially all the holders of the Voting Shares, and a concurrent offer at an equal price and with identical terms (subject to certain exceptions) is not made to purchase Variable Voting Shares, each Variable Voting Share shall become convertible at the option of the holder into one Voting Share that shall be subject to the offer at any time while the offer is in effect. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Voting Shares in response to the offer and a Canadian trustee designated by Holdco shall deposit the resulting Voting Shares on behalf of the shareholder.

If the Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn from the offer or are not taken up by the offeror or if the offer is abandoned or withdrawn, the Voting Shares resulting from the conversion shall be reconverted automatically and without further act from Holdco or the holder, into Variable Voting Shares.

### ***Debt and Equity Financings***

Purchaser and Holdco will raise approximately \$950 million in the aggregate of committed financing, consisting of funded debt and equity which will be used to repay all amounts owing to Senior Lenders. Purchaser will raise U.S.\$700 million of new senior funded debt (the “**Debt Financing**”) secured by all of the assets of Purchaser (including the Acquired Assets). The Debt Financing will be comprised of: (i) a U.S.\$400 million senior facility repayable; and (ii) a U.S.\$300 million high yield bond issuance. In the event that the U.S.\$300 million bond issuance is not effected on the Plan Implementation Date, Holdco will draw U.S.\$300 million under a bridge facility. In addition, the Purchaser and Holdco have arranged for an asset backed revolving line of credit in the amount of \$50 million.

In connection with the Asset Purchase Agreement, certain LP Noteholders and LP Subordinated Lenders (the “**Sponsors**”) have executed a funding commitment letter in favour of Holdco and the Purchaser (the “**Funding Commitment Letter**”) pursuant to which the Sponsors have committed to purchase, in aggregate, \$250 million (the “**Funding Commitment**”) in equity and mezzanine notes to be issued by Holdco on the Acquisition Date. The Funding Commitment will be comprised of \$100 million worth of equity shares in Holdco (at an issue price of \$10 per share) representing no less than 40% of the equity shares of Holdco on a fully diluted basis and \$150 million worth of mezzanine notes issued by Holdco, provided that the Sponsors may accept equity in lieu of all or part of their entitlement to mezzanine notes, if agreed by the requisite majority of the Sponsors, in certain specified circumstances. In the event that the Sponsors are required to accept equity in lieu of mezzanine notes, such transaction will be effected so that the value of recovery to the Affected Creditors who are not Sponsors would not materially change. The mezzanine notes bear interest at 10% per annum, which interest may be capitalized until the date of the maturity of the mezzanine notes under certain circumstances. A summary of the terms of the mezzanine notes is attached hereto as Exhibit “E”. The terms of the mezzanine notes may be amended by the Sponsors pursuant to certain arrangements agreed to among the Sponsors.

On the Acquisition Date, Holdco will pay the Sponsors a commitment fee representing, in aggregate, approximately 15% of the Shares of Holdco on a fully diluted basis. None of the Shares issued in satisfaction of the commitment fee are permitted to be sold, exchanged, transferred or disposed of for a period of six months after the Acquisition Date, unless such Shares are also sold, exchanged, transferred or disposed of in conjunction with the mezzanine notes. The Funding Commitment Letter requires that the Sponsors vote in favour of the Plan on the terms provided in the Funding Commitment Letter. The Funding Commitment Letter may be amended from time to time by Holdco and the requisite majority of the Sponsors, subject to the restrictions contained in the Asset Purchase Agreement.

The Funding Commitment will be used by Holdco for the purpose of capitalizing the Purchaser and thereby enabling the Purchaser to pay \$250 million in cash pursuant to the Asset Purchase Agreement in connection with the acquisition. The Sponsors’ funding obligations under the Funding Commitment Letter are subject to the conditions precedent under the Asset Purchase Agreement, and such obligations terminate in certain circumstances, including if the Asset Purchase Agreement is terminated. None of the Sponsors’ commitments under the Funding Commitment Letter may be assigned, unless the Sponsor agrees to continue to be legally bound by and obligated to fulfill its commitments under the Funding Commitment Letter, and any assignee shall also be bound by all obligations under the Funding Commitment Letter.

Purchaser will use the proceeds of the Debt Financing and the Funding Commitment to satisfy the cash portion of the purchase price and fund certain transaction costs under the Asset Purchase Agreement and the Plan.

### **Court Approval**

Prior to the mailing of this Circular, the LP Entities obtained the Meeting Order providing for the calling and holding of the Meeting and other related procedural matters. A copy of the Meeting Order is attached as Appendix D to this Circular. The CCAA requires that the Plan be approved by the Court.

The Limited Partnership will advise the Court that certain securities issued under the Plan will be issued to U.S. residents in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereunder, upon the Court’s approval of the Plan and the fairness thereof.

Subject to the approval of the Resolution in respect of the Plan by the Affected Creditors, the hearing in respect of the Sanction and Vesting Order is scheduled to take place on or about June 18, 2010 at 10:00 a.m. (Toronto time) at the Court at 330 University Avenue, Toronto, Ontario, M5G 1R8. Any Affected Creditor who wishes to appear or be represented and to present evidence or arguments at the hearing, must file with the Court, a notice of appearance (and serve such notice of appearance on the LP Entities’ legal counsel, Osler, Hoskin & Harcourt LLP (Attention: Lyndon Barnes), at least seven (7) days before the Court hearing.

The authority and discretion of the Court is very broad under the CCAA. The Limited Partnership's legal counsel has advised the LP Entities that the Court will consider, among other things, the fairness and reasonableness of the terms and conditions of the Plan.

Interested parties should consult their legal advisors with respect to the legal rights available to them in relation to the Plan and the hearing. If the date of the Court hearing is postponed, adjourned or otherwise rescheduled, the LP Entities will provide notice of the new date by issuance of a news release. Persons who wish to receive individual notification of the date of any adjourned, postponed or otherwise rescheduled Court hearing by facsimile or electronic mail should contact the Monitor at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 (Attention: Pamela Luthra), facsimile number: (416) 649-8101 and telephone number: (416) 649-8063 and provide a facsimile number or an e-mail address.

### **Conditions to the Implementation of the Plan**

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

If the Meeting is held as scheduled and are not adjourned or postponed and subject to the approval of the Resolution by the Affected Creditors, the LP Entities expect that the application for the Sanction and Vesting Order will be heard on or about June 18, 2010 at 10:00 a.m. (Toronto time). If the Sanction and Vesting Order is granted in form and substance satisfactory to the LP Entities and all other conditions to the implementation of the Plan are satisfied or waived, the LP Entities expect the Plan Implementation Date to occur as soon as possible thereafter. As soon as the Plan Implementation Date has been determined, Canwest will issue a news release announcing the same. Subject to all of the foregoing, it is expected that the Plan Implementation Date will occur in the month of July, 2010.

### **Plan Implementation Steps**

The Plan contemplates a series of steps leading to the purchase of the Acquired Assets and assumption of the Assumed Liabilities by the Purchaser. Each of the following transactions contemplated by and provided for under the Plan will be consummated and effected and will for all purposes be deemed to occur, in the sequence and at the times specified in the Plan commencing at the Effective Time. Therefore all of the actions, documents, agreements and funding necessary to implement all of the following transactions must be in place and be final and irrevocable prior to the Effective Time and will then be held in escrow and will be released in the order and at the times specified below without any further act or formality and no other act of formality will be permitted:

- (a) If, and to the extent that, any of the Affected Creditors entitled to receive Shares are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the amount ultimately determined to be payable to such Affected Creditors (the "**Share Amount**") in accordance with the Plan;
- (b) If, and to the extent that, any of the Affected Creditors that have made or are deemed to have made a valid Cash Election in accordance with the Plan are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the amount ultimately determined to be payable to such Affected Creditors (the "**Cash Amount**") in accordance with the Plan;
- (c) in consideration for the assumption by CPI of the liability to pay the Share Amount and the Cash Amount, each of the Limited Partnership, CCI and CBI shall assign to CPI its entitlement to receive such portion of the Purchase Price allocable to it pursuant to section 4.1 of the Asset Purchase Agreement as is equal to the aggregate of the Share Amount and the Cash Amount applicable to the Affected Creditors of the Limited Partnership, CCI and CBI, respectively;
- (d) the LP Entities shall pay from the Cash and Equivalents:

- (i) all fees and disbursements owing as at the Plan Implementation Date to the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, the Chief Restructuring Advisor and counsel to the Chief Restructuring Advisor;
  - (ii) all fees and disbursements owing as at the Plan Implementation Date to RBC pursuant to the engagement letter dated October 1, 2009 between CPI, the Limited Partnership and RBC, including the Sale/Restructuring Fee contemplated therein, which engagement letter was approved by the Court pursuant to the terms of the Initial Order; and
  - (iii) any amounts owing under the Management Incentive Plan approved under the Initial Order;
- (e) The Senior Lender Distribution Amount shall be paid to the Administrative Agent as follows:
- (i) Monitor shall release from escrow to the Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the Senior Credit Agreement, the Deposit; and
  - (ii) The remainder of the Senior Secured Claims Amount as at the Plan Implementation Date shall be paid by the Purchaser to the Administrative Agent:
    - (A) on behalf and for the account of CCI, in its capacity as guarantor, CBI, in its capacity as guarantor, and the Limited Partnership, in its capacity as borrower or counterparty, to the extent of the portion of the Purchase Price allocable to CCI, CBI and the Limited Partnership, respectively, pursuant to the Asset Purchase Agreement less the amount, if any, of such portion of the Purchase Price, the entitlement to which has been assigned to CPI pursuant to paragraph (c) above; and
    - (B) on behalf of CPI, in its capacity as guarantor, as to the remainder;
- (f) Purchaser shall pay to the DIP Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the DIP Credit Agreement, the DIP Lender Distribution Amount, if any;
- (g) Purchaser shall pay to the Monitor, on behalf and for the account of CPI, the aggregate of all Cash Elected Amounts in respect of Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan;
- (h) Purchaser shall deliver to CPI the Purchaser Note;
- (i) Purchaser shall assume the Assumed Liabilities;
- (j) Purchaser shall assume the prior ranking Secured Claims and certain other priority claims as described in the Plan;
- (k) Pursuant to and in accordance with the Sanction and Vesting Order, all right, title and interest of the LP Entities in and to the Acquired Assets shall vest in the Purchaser, free and clear of all Encumbrances (other than the Permitted Encumbrances);
- (l) CPI shall purchase that number of Voting Shares, rounded down to the nearest whole number, equal to the principal amount of the Purchaser Note divided by a price per Share of \$13.3333 in exchange for the Purchaser Note and shall, in its capacity as guarantor to the extent Shares are to



be distributed to Affected Creditors whose Claim consists of a debt guaranteed by CPI, deliver such Shares to the Monitor;

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

For Claims that are Unresolved Claims, Affected Creditors should refer to “– Treatment of Affected Creditors – Unresolved Claims” in order to ascertain the treatment of such Unsolved Claims under the Plan.

### **Releases to be Given**

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

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

### **Post-Plan Implementation Date Transactions**

No later than the Final Distribution Date, the Monitor shall distribute, in accordance with the Plan, any remaining Shares held by it in accordance with the Plan.

Following the completion of the acquisition of the Acquired Assets by the Purchaser, Holdco shall take all reasonable steps to apply for the listing of its Shares on the TSX. At this time, application has not yet been made and no assurances can be given that the TSX will accept the application to list the Shares. Listing of the Shares on TSX will be subject to meeting TSX's original listing requirements.

### **Modification of the Plan**

The LP Entities may, at any time and from time to time, amend, restate, modify and/or supplement the Plan, with the consent of the Purchaser, acting reasonably, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to the Meeting, communicated to the Affected Creditors in the manner required by the Court (if so required); and (ii) if made following the Meeting, approved by the Court following notice to the Affected Creditors. Notwithstanding the immediately preceding sentence, any amendment, restatement, modification or supplement may be made by the LP Entities with the consent of the Monitor and the Purchaser, acting reasonably, or pursuant to an Order following the Plan Sanction Date, provided that it concerns a matter which, in the opinion of the LP Entities, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors. Any amended, restated, modified or supplementary plan or plans of compromise and arrangement filed with the Court and, if required, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in the Plan.

### **Implications of Failure to Implement the Plan**

The LP Entities are insolvent and unable to meet their debt and other obligations as they become due. If the Plan is not approved by a majority in number of the Affected Creditors having an Affected Claim and voting on the Resolution (in person, by Master Ballot or by proxy) at the Meeting and representing not less than 66 $\frac{2}{3}$ % in value of the Affected Claims of the Affected Creditors voting at the Meeting, subject to the terms of the current stay of proceedings under the CCAA, (a) if prior to the Credit Acquisition Expiry Date, the Credit Acquisition may be implemented or (b) if after the Credit Acquisition Expiry Date, the creditors of the LP Entities might seek to assert the right to take steps to exercise their respective rights and remedies against the assets and property of the LP Entities. The Credit Acquisition will not provide any realization to the unsecured creditors of the LP Entities, including the Affected Creditors until this Plan. Management believes that there would be no prospect of any recovery by the Affected Creditors in the context of a forced sale or a liquidation of the assets of the LP Entities. Management further believes that the Plan will produce a more favourable result for the Affected Creditors than the Credit Acquisition or the liquidation of the Assets of the LP Entities.

Affected Creditors should also refer to the section titled “Risk Factors – Risk Factors Relating to Non-Implementation of the Plan”.

### **RECOMMENDATION OF THE MONITOR**

On January 8, 2010, the Court appointed FTI as the Monitor under the terms of the Initial Order. The Monitor has reviewed the terms of the Plan, and determined as follows.

The Monitor believes that implementation of the Plan is essential to provide recovery to unsecured creditors. If the Plan is not implemented, the Monitor believes that the likely alternative to the Plan would be the implementation of the Credit Acquisition or, if the Credit Acquisition Agreement expires and is not extended, a further sales process or potentially a liquidation of the assets of the LP Entities under the CCAA and/or the Bankruptcy and Insolvency Act (Canada) and the distribution of the net proceeds of such sale or liquidation to creditors in accordance with their respective priorities.

There will be no recovery for the Affected Creditors or any other unsecured creditors of the LP Entities if the Credit Acquisition is implemented. The SISP, which the Monitor believes, constituted a thorough canvassing of the market, produced only one Superior Cash Offer. Therefore, at this time and based on the results of the SISP, it is unlikely that any offer derived from a further sales process or liquidation of the LP Entities' assets would include recovery for unsecured creditors.

The Meeting to consider the Plan is scheduled for June 10, 2010. The Monitor believes the Plan will produce a more favourable result for the Affected Creditors than the Credit Acquisition or a further sale process or liquidation of the LP Entities' assets. **Accordingly, the Monitor recommends that Affected Creditors approve the Plan and vote in favour of the Resolution.**

### **RECOMMENDATION OF THE SPECIAL COMMITTEE AND THE LP ENTITIES**

Pursuant to the SISP, the Monitor determined in its reasonable business judgement in consultation with RBC and the Chief Restructuring Advisor that the Ad Hoc Committee Offer was a Superior Cash Offer. The Monitor therefore made a recommendation to the Special Committee that the Ad Hoc Committee Offer be accepted and that a definitive agreement be negotiated and settled in respect thereof. The Special Committee accepted the Monitor's recommendation and authorized the LP Entities to seek an Order authorizing the LP Entities to hold a meeting of Affected Creditors to approve the Plan and to enter into and consummate the transactions contemplated by the Ad Hoc Committee Offer.

The LP Entities support the Plan and believe that the Plan will produce a more favourable result for the Affected Creditors and other stakeholders of the LP Entities than either the Credit Acquisition or a liquidation of the assets of the LP Entities. There will not be any realization for the Affected Creditors if the Credit Acquisition is implemented. Similarly, the LP Entities are of the view that there is not likely to be any realization for the Affected Creditors or other unsecured creditors of the LP Entities in a liquidation.

In reaching these conclusions, the Special Committee and the LP Entities took into account and relied upon: (a) the opinion and views of the Monitor (set out above); (b) the opinion and views of the Chief Restructuring Advisor; (c) the opinions and views of RBC; (d) advice received from the legal counsel to LP Entities; (e) the opinion and views of management and (f) the opinions and views of its legal and financial advisors.

**Consequently, the LP Entities recommend that Affected Creditors vote FOR the Resolution.**

### **RISK FACTORS**

*In evaluating the Plan and determining whether to vote in favour of the Resolution, Affected Creditors should read and consider carefully the risk factors set forth below, as well as the other information regarding the*

*LP Entities included or referred to in this Circular, which may apply with or without the implementation of the Plan. These risk factors should not, however, be regarded as the only risks associated with the LP Entities.*

For a discussion of certain other possible risk factors, Affected Creditors should also refer to the LP Entities historic public disclosure available at [www.sedar.com](http://www.sedar.com).

### **Risk Factors Relating to Non-Implementation of the Plan**

#### ***Failure to implement the Plan***

If the Plan is not implemented prior to the Credit Acquisition Expiry Date, the Credit Acquisition may be implemented. If the Plan is not implemented following the Credit Acquisition Expiry Date and another plan is not proposed, an insolvency proceeding involving the liquidation of the assets of the LP Entities with a view to recovering the amounts owing to the Creditors may result.

### **Risk Factors Relating to the Plan and its Implementation**

#### ***Conditions to the implementation of the Plan***

Implementation of the Plan is subject to various conditions included in the Asset Purchase Agreement, including regulatory approvals, the assignment of certain material third party agreements and the granting of the Sanction and Vesting Order, which must be fulfilled prior to implementation and effectiveness of the Plan. As of the date hereof, there can be no assurance that any or all of the conditions in the Plan or in the agreements pertaining to the CCAA Case will be satisfied (or waived, if applicable). Accordingly, there can be no assurance that the Plan will be consummated even if approved at the Meetings. See “Description of the Plan – Conditions to the Implementation of the Plan”.

#### ***Uncertainty with respect to the financial condition of the Business***

Adverse publicity or news coverage relating to the LP Entities’ proceedings under the CCAA could have an adverse effect on all or parts of the Business. Following the implementation of the Plan, there can be no assurance that negative publicity may not adversely affect their results from operations or have a long-term negative effect on the Business.

In addition, such uncertainty may adversely affect the LP Entities’ relationships with its suppliers and customers. Following the implementation of the Plan, suppliers and customers may continue to be concerned about the financial condition of the Business and, as a result, they may demand faster payment terms or not extend normal trade credit, both of which could adversely affect the LP Entities’ working capital position. The LP Entities may not be successful in obtaining alternative suppliers and customers if the need arises and this would adversely affect the LP Entities’ results from operations and their ability to conduct their business.

#### ***No Certainty of Distribution of the Shares on the Initial Distribution Date***

No distributions will be made under the Plan as long as the maximum amount of any of the Disputed Claims remains unquantified. Therefore, the date of the Initial Distribution Date is subject to uncertainty and quantification (but not resolution) of the maximum amount of all Disputed Claims.

#### ***Subsequent Distributions***

All distributions must occur on or before the Final Distribution Date. Any Disputed Claims that have not become Proven Claims on or before such date will be extinguished, released and barred on the Final Distribution Date, without any compensation.

No fractional shares will be issued. Recipients of shares will have their entitlements adjusted downwards to eliminate any such fractions and no compensation will be given for fractional interest.

All claims for undeliverable or uncashed distributions under the Plan must be made on or before June 30, 2011 after which date the Proven Claims with respect to such unclaimed or uncashed distributions shall be forever discharged and forever barred, without any compensation.

### ***Sources and cyclical nature of revenue***

The Business is cyclical in nature. Because the Business depends upon the sale of advertising for a substantial portion of revenue, the operating results are sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures. In addition, newspaper publishing is both capital and labour intensive and, as a result, newspapers have relatively high fixed cost structures. During periods of economic contraction, revenue may decrease while some costs remain fixed, resulting in decreased earnings. Similarly, because a substantial portion of revenue is derived from retail advertisers, which have historically been sensitive to general economic cycles, our business, financial condition or results of operation could be materially adversely affected by a downturn in the retail sector.

The Business has experienced and is expected to continue to experience significant seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people's viewing, reading and listening habits. Typically, revenue is lowest during the fourth quarter of the fiscal year, which ends in August, and highest during the first quarter of the fiscal year.

### ***Leverage and Restrictive Covenants***

The Purchaser will have third-party debt service obligations under the Debt Financing. See "Description of the Plan – Description of the Capital Structure of Purchaser and Holdco". The degree to which the Purchaser is leveraged could significantly impact the amount of income to be generated by the Purchaser and therefore funds available to Holdco. The consequences of the Purchaser's borrowing activities to Holdco and to the holders of Shares, include (i) the Purchaser's ability to obtain additional financing for working capital, (ii) a portion of the Purchaser's cash flow from operations will be dedicated to the payment of the interest on its indebtedness and (iii) under the Debt Financing, the Purchaser's ability to distribute cash flow to Holdco will be restricted. The Purchaser's ability to make scheduled payments of interest on, or to refinance, its indebtedness, will depend on its future cash flow, which is subject to the operations of the Purchaser's business, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. These factors might inhibit the Purchaser from refinancing the indebtedness and necessary capital expenditures at all or on favourable terms. In addition, the Debt Financing will contain restrictive covenants that limit the discretion of the Purchaser's management with respect to certain business matters.

### ***Lack of established market for shares of Holdco***

There is currently no market through which the Shares may be sold and one may never develop. As such, Affected Creditors that are issued Shares pursuant to the Plan may not be able to resell such Shares. Although Holdco intends to apply to the TSX for the listing of its Shares following the acquisition of the Acquired Assets, to date, no such application has been made and there can be no assurance that the TSX will accept the listing of Holdco's Shares. Listing of the Shares on the TSX will be subject to Holdco meeting TSX's original listing requirements. If the Shares are listed on the TSX, holders of Shares may dispose of their investment rather than hold such securities on a long-term basis. Accordingly, the market, if any, for the Shares may be volatile, at least for an initial period, and may be depressed for a period of time immediately following the listing of the Shares until the market has had time to absorb these sales and to observe the performance of Holdco. Other factors, such as restrictions on ownership and the likelihood that Holdco will not declare dividends for the foreseeable future, may further depress the market for such Shares.

In addition, although the Plan was prepared based upon an organizational value, such valuation was not and should not be construed as an estimate of the price at which the Shares may trade in the market, if at all, and the LP Entities have not attempted to make any such estimate in connection with the development of the Plan. No assurance can be given as to the market price of the Shares that will prevail.

### ***Non-comparability of financial information***

As a result of the implementation of the Plan, Holdco, through the Purchaser, will obtain control of and operate the Business. Holdco will be capitalized with shares and debt which will differ from the capitalization of the Limited Partnership. The Purchaser will acquire certain assets and assume certain liabilities of the LP Entities and will account for the acquisition as a business combination. Accounting standards for business combinations require the identifiable assets acquired and liabilities assumed from the LP Entities and the consideration transferred to the LP Entities to be measured at fair value. Any difference between the identifiable net assets acquired and the consideration transferred would be recognized as goodwill. Acquisition related transaction costs incurred by or on behalf of Holdco will be expensed in the period incurred. Holdco will also be a corporate entity subject to income taxes whereas the Limited Partnership was a non-taxable entity with its taxable income included in its partners' tax returns. As a result, the Holdco's financial statements after the implementation of the Plan will not be comparable to the LP Entities' historical financial statements. The LP Entities' historical financial statements may not be indicative of the future financial condition, results of operations or cash flows of Holdco.

## **THE BUSINESS BEING ACQUIRED PURSUANT TO THE PLAN**

This section of the Circular describes the businesses currently carried on by the LP Entities and National Post Inc. and which are expected to be carried on by the Purchaser if the Plan is approved.

The LP Entities are the largest publisher of English-language paid daily newspapers in Canada, as measured by paid circulation, readership and revenue. The Business is comprised of both the newspaper operations, consisting of both paid daily and free weekly print publications, and digital media and online operations. The combination of these media platforms gives the Business an extensive audience footprint and allows for its audiences to engage with its high quality journalism and content at many points throughout the day, on whatever media platform is most convenient.

The newspaper operations of the Business are comprised of ten (10) daily metropolitan newspapers (nine (9) broadsheets and one (1) tabloid), the *National Post*, one of Canada's two (2) daily national newspapers, two (2) other daily newspapers in smaller markets (both broadsheets and contained within the community newspaper group), twenty-three (23) non-daily community newspapers in British Columbia and southern Ontario, and several non-daily shopping guides and newspaper-related publications.

The LP Entities own the dominant English-language paid daily newspaper in all of the nine (9) metropolitan markets in which it operates. According to the Canadian Newspaper Association 2008 Circulation Data Report and NADbank 2008 readership survey, the LP Entities' ten (10) metropolitan daily newspapers, the *National Post*, and the LP Entities' two (2) other daily newspapers have an aggregate estimated average weekly readership of approximately 4.4 million readers and an average daily paid circulation of approximately 1.3 million copies, which includes both print and electronic editions. This represents 38% of Canada's English-language daily paid circulation. The daily metropolitan newspaper brands owned by the LP Entities are among the oldest and most respected in the country with an average age of one hundred twenty-three (123) years.

On November 2, 2009, a newly incorporated subsidiary of CPI, National Post Inc., acquired all of the assets and business of the *National Post* newspaper from The National Post Company/La Publication National Post, a subsidiary of the Canwest Media Inc. The management and operations of the LP Entities and *National Post* have historically been closely intertwined. The *National Post* provides significant benefits to the LP Entities, including the provision of a newspaper with a national audience footprint and editorial content infrastructure for the Toronto market. As well, the *National Post* absorbs a considerable portion of costs through the sharing of certain operating, administrative and other functions and services. The LP Entities' filing under CCAA does not include National Post Inc. and therefore does not include the *National Post* newspaper operations.

The LP Entities' digital media and online operations are comprised of: (i) the *canada.com* network, Canada's leading general news and information source, which generates well over 6 million monthly unique visitors and is comprised of seventy-nine (79) individual websites, including thirty-seven (37) websites covering each of the Limited Partnership's newspapers, forty-two (42) classified websites (including *driving.ca*, *working.com* and *househunting.ca*), and other Internet properties including *dose.ca* (an entertainment and pop-culture destination website); (ii) FPinfomart.ca, a subscription-based, business-to-business online news monitoring service, online provider of corporate and financial data on Canadian companies, and a rights management service that distributes the Limited Partnership's news content and corporate data; and (iii) third party advertising sales representation arrangements with third party websites which extend the audience reach of the *canada.com* digital network and increases the LP Entities' potential advertising sales inventory.

## **BOARD OF DIRECTORS AND MANAGEMENT OF THE LP ENTITIES**

On March 1, 2010, all of the then directors and officers of the LP Entities resigned their directorships and offices with the LP Entities. In addition, Dennis Skulsky, the then current president of CPI announced his resignation effective April 30, 2010. On April 25, 2010, Canwest announced the appointment of Kevin Bent as Interim President. Mr. Bent reports directly to the Special Committee. Dennis Skulsky has entered into a consulting arrangement with the LP Entities that continues until August 31, 2010. The other senior employees of the LP Entities continue to carry on the day- to-day operations of the LP Entities. For matters requiring approval of the board of directors of an LP Entity, the shareholders of the applicable LP Entity may pass a resolution authorizing named individuals to complete the required actions.

## **CERTAIN REGULATORY AND OTHER MATTERS RELATING TO THE REORGANIZATION**

### **Canadian Securities Law Considerations**

The issuance of the Shares to the Affected Creditors in connection with the Plan will be exempt from the prospectus and registration requirements of applicable Canadian securities laws. Shares received by an Affected Creditor will be subject to certain restrictions on resale imposed under Canadian securities laws. Generally, the Shares may be resold only pursuant to an exemption from the prospectus and registration requirements of applicable securities legislation, pursuant to an exemption order granted by appropriate securities regulatory authorities or after the expiry of a hold period, if any, following the date on which Holdco becomes a reporting issuer under applicable securities legislation. Although there can be no assurances, Holdco intends to become a reporting issuer in certain Canadian jurisdictions. Affected Creditors are advised to seek legal advice prior to any resale thereof.

### **United States Securities Law Considerations**

The Shares to be received by Affected Creditors in the United States pursuant to the Plan are not required to be, and will not be, registered under the U.S. Securities Act. Such shares will be issued in reliance upon the exemption provided by Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) exempts from the registration requirement of the U.S. Securities Act securities issued in exchange for, among other things, one or more *bona fide* outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom such securities will be issued have the right to appear. The Court is authorized to conduct a hearing to determine the fairness of the terms and conditions of the Arrangement, including the proposed issuance of securities in exchange for other outstanding securities. See "Description of the Plan—Court Approval".

All Shares to be received by Affected Creditors pursuant to the Plan will be freely transferable under U.S. federal securities laws, except by persons who are deemed to be "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of Holdco after the consummation of the Plan, who will be subject to transfer restrictions under the U.S. Securities Act. An "affiliate" of Holdco, as defined in rules under the U.S. Securities Act, is a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Holdco. The restrictions are expected to apply to directors and executive officers of Holdco and beneficial

owners of 10% or more of the equity interests in Holdco (and to specified relatives or the spouses of the persons and any trusts, estates, corporations or other entities in which the person has a 10% or greater beneficial equity interest in Holdco).

This document does not constitute a registration statement covering resales of Shares by persons who are restricted from selling their Shares pursuant to any rule under the U.S. Securities Act, or otherwise.

The foregoing discussion is only a general overview of the requirements of the U.S. securities laws that may be applicable to the resale of the Shares received pursuant to the Plan. Recipients of Shares are urged to obtain legal advice to ensure that the resale of such securities complies with applicable U.S. securities laws.

### **WHERE YOU CAN FIND MORE INFORMATION**

Canwest is subject to the continuous disclosure requirements of Canadian securities laws and the TSX Venture Exchange. The former type of information may be obtained on request without charge from the Secretary of Canwest, 31st Floor, Canwest Place, 201 Portage Avenue, Winnipeg, Manitoba, R3B 3L7, telephone: (204) 953-7737, and are also available electronically at [www.sedar.com](http://www.sedar.com), while the latter type of information may be inspected at the offices of the TSX, 3rd Floor, 2 First Canadian Place, 130 King Street West, Toronto, Ontario M5X 1J2.

Reports and other information filed by Canwest and Canwest Media Inc. with the SEC may be inspected and copied (at prescribed rates) at the public reference facilities maintained by the SEC's Public Reference Room located at 100 F. Street NE, Washington, D.C. 20549 and are available for viewing at the SEC website at [www.sec.gov](http://www.sec.gov). Shareholders of Canwest may call the SEC at 1-800-SEC-0330 for further information regarding the public reference facilities or visit the SEC's website at [www.sec.gov](http://www.sec.gov).

More information about the LP Entities' restructuring, including all court documents and Monitor's reports, is available from the Website. Prior to the Meeting, the Monitor will, from time-to-time, update the Website to include additional information pertaining to the CCAA Case and relating to the Business.

### **AUDITORS**

The auditors of Canwest and the Limited Partnership are and, following implementation of the Plan, the auditors of Holdco will be PricewaterhouseCoopers LLP.



**APPROVAL OF CIRCULAR**

The delivery of this Circular to the Affected Creditors has been authorized by the Court pursuant to the Meeting Order.

**BY ORDER OF THE COURT**

DATED at Toronto, Ontario, this 20<sup>th</sup> day of May, 2010.



**APPENDIX A  
FORM OF RESOLUTION**



## APPENDIX A

### FORM OF AFFECTED CREDITORS' RESOLUTION

**RESOLVED** that:

1. The Consolidated Plan of Compromise (the "Plan") concerning, affecting and involving Canwest (Canada) Inc., Canwest Publishing Inc./ Publications Canwest Inc., Canwest Books Inc. and Canwest Limited Partnership/Canwest Societe en Commandite (collectively, the "LP Entities") pursuant to the *Companies' Creditors Arrangement Act* (Canada) set out as Exhibit B to the management proxy circular of the LP Entities dated May ● , 2010 is approved and authorized.
2. Notwithstanding the passing of this resolution by the Affected Creditors of the LP Entities, the LP Entities may amend, restate, modify and/or supplement the Plan with the approval of the Ontario Superior Court of Justice (Commercial List) or the Monitor, FTI Consulting Canada Inc., and the Purchaser, CW Acquisition Limited Partnership, in accordance with the provisions of the Plan without further approval of the Affected Creditors of the LP Entities.
3. Either Douglas E.J. Lamb or Kevin Bent is hereby authorized and directed to execute and deliver, for and on behalf of the LP Entities, any and all documents or instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.



**APPENDIX B  
PLAN OF COMPROMISE**





**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**APPLICANTS**

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**CONSOLIDATED PLAN OF COMPROMISE**

**concerning, affecting and involving**

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

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**May 20, 2010**

## PLAN OF COMPROMISE

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

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

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

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

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

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

### **ARTICLE 1 INTERPRETATION**

#### **1.1 Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“Cash Election”** means an election:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“Record Date”** means May 18, 2010;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“Unaffected Claims”** means:

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

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

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

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

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

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

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

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

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

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

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

## 1.2 Certain Rules of Interpretation

For the purposes of the Plan:

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



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

### **1.3 Successors and Assigns**

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

### **1.4 Governing Law**

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

### **1.5 Schedule**

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

Schedule "A"

Asset Purchase Agreement (without schedules)

**ARTICLE 2**  
**PURPOSE AND EFFECT OF THE PLAN**

**2.1 Purpose:**

The purpose of the Plan is:

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

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

**2.2 Persons Affected**

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

**2.3 Persons Not Affected**

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

**ARTICLE 3**  
**CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS**

**3.1 Classification of Creditors**

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

### **3.2 Claims of Affected Creditors**

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

### **3.3 Unaffected Claims**

No holder of an Unaffected Claim shall:

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

### **3.4 Claims of the Senior Secured Creditors**

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

### **3.5 Priority Claims**

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

### **3.6 Creditors' Meeting**

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

### **3.7 Voting**

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

### **3.8 Procedure for Valuing Voting Claims**

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

### **3.9 Approval by Creditors**

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

### **3.10 Guarantees and Similar Covenants**

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

### **3.11 Set-Off**

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

**ARTICLE 4**  
**UNSECURED CREDITORS' POOL AND THE ADMINISTRATIVE RESERVE**

**4.1 Composition of the Unsecured Creditors' Cash Pool**

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

**4.2 Composition of the Unsecured Creditors' Equity Pool**

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

**4.3 The Administrative Reserve**

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

**ARTICLE 5**  
**PROVISIONS REGARDING DISTRIBUTIONS AND PAYMENTS**

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

**5.1 Distribution Mechanics**

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

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

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

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

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

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

## **5.2 Distributions from the Unsecured Creditors' Pool**

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

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

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

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

## **5.3 Payment to the Senior Secured Creditors**

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

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

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

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

#### **5.4 Payment of Administrative Reserve Costs**

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

#### **5.5 Currency**

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

#### **5.6 Interest**

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

#### **5.7 Treatment of Undeliverable Distributions**

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



## 5.8 Assignment of Claims for Voting and Distribution Purposes

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

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

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

Subject to any restrictions contained in Applicable Laws:

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

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

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

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

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

## 5.9 Withholding and Reporting Requirements

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

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

**ARTICLE 6**  
**PROCEDURE FOR DISTRIBUTIONS REGARDING DISPUTED CLAIMS**

**6.1 No Distribution Pending Allowance**

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

**6.2 Distributions After Disputed Claims Resolved**

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

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

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

## **ARTICLE 7 COMPANY REORGANIZATION**

### **7.1 Corporate Authorizations**

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

### **7.2 Pre-Plan Implementation Date Transactions**

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

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

### **7.3 Plan Implementation Date Transactions**

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

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

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

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

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

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

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

## **ARTICLE 8 RELEASES**

### **8.1 Plan Releases**

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

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

## **ARTICLE 9 COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION**

### **9.1 Application for Sanction Order**

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

### **9.2 Sanction and Vesting Orders**

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

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



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

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

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

### **9.3 Conditions Precedent to Implementation of a Plan**

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

### **9.4 Monitor's Certificate**

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

## **ARTICLE 10 GENERAL**

### **10.1 Binding Effect**

On the Plan Implementation Date:

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

### **10.2 Waiver of Defaults**

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

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

### **10.3 Claims Bar Date**

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

### **10.4 Deeming Provisions**

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

### **10.5 Non-Consummation**

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

### **10.6 Modification of the Plan**

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

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

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

### **10.7 Paramountcy**

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

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

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

### **10.8 Severability of Plan Provisions**

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

### **10.9 Responsibilities of the Monitor**

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

## 10.10 Different Capacities

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

## 10.11 Notices

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

If to the LP Entities:

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

with a copy to:

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

If to a Creditor:

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

If to the Monitor:

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

with a copy to:

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

If to the Purchaser:

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

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

#### **10.12 Further Assurances**

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

**DATED** as of the 20<sup>th</sup> day of May, 2010.

**SCHEDULE "A"**  
**ASSET PURCHASE AGREEMENT**  
**(without schedules)**



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**ASSET PURCHASE AGREEMENT**

Dated as of May 10, 2010

Between

**7535538 CANADA INC.**

and

**CW ACQUISITION LIMITED PARTNERSHIP**

and

**CANWEST BOOKS INC.**

and

**CANWEST (CANADA) INC.**

and

**CANWEST LIMITED PARTNERSHIP/CANWEST SOCIÉTÉ EN COMMANDITE**

and

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

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# ASSET PURCHASE AGREEMENT

This Agreement is dated as of May 10, 2010 between

**7535538 CANADA INC.**  
("Holdco")

and

**CW ACQUISITION LIMITED PARTNERSHIP**  
("Purchaser")

and

**CANWEST BOOKS INC.**  
("Canwest Books")

and

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

and

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

and

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

## RECITALS

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

**THEREFORE**, the Parties agree as follows:

## ARTICLE 1 - INTERPRETATION

### Section 1.1 Definitions

In this Agreement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Section 1.2 Actions on Non-Business Days**

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

## **Section 1.3 Currency and Payment Obligations**

Except as otherwise expressly provided in this Agreement:

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

## **Section 1.4 Calculation of Time**

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

## **Section 1.5 Tender**

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

## **Section 1.6 Knowledge**

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

## **Section 1.7 Additional Rules of Interpretation**

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



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

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

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

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

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

## **Section 1.8 Schedules**

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

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

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

## ARTICLE 2 - PURCHASE AND SALE OF ACQUIRED ASSETS

### Section 2.1 Purchase and Sale

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

### Section 2.2 Purchase Price

- (1) The purchase price payable by Purchaser for the purchase of the Acquired Assets (the “Purchase Price”), exclusive of all applicable sales and transfer taxes, shall be the aggregate of:
- (a) the sum of (i) the Senior Secured Claims Amount as at the Acquisition Date, and (ii) the DIP Claims Amount as at the Acquisition Date;
  - (b) the Cash Elected Amount in respect of all Proven Claims of unsecured creditors of the LP Entities who have made or who have been deemed to have made a valid Cash Election in accordance with the CCAA Plan, provided that the Monitor shall advise Purchaser of the amount payable pursuant to this Section 2.2(1)(b) not less than three Business Days prior to the Acquisition Date;
  - (c) \$150,000,000 less the amount payable under Section 2.2(1)(b); and
  - (d) the amount of the Assumed Liabilities.

### Section 2.3 Payment of Purchase Price

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

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

#### **Section 2.4 Distribution of Purchase Price**

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

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

#### **Section 2.5 Deposit**

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

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

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

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

## **Section 2.6 Tax Elections**

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

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

## **Section 2.7 Conveyance Documents**

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

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

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

## ARTICLE 3 EXCLUDED ASSETS AND EXCLUDED LIABILITIES

### Section 3.1 Excluded Assets

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

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

### Section 3.2 Excluded Liabilities

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

## ARTICLE 4 PURCHASE PRICE ALLOCATION

### Section 4.1 Purchase Price Allocation

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

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

## ARTICLE 5 - EMPLOYEE MATTERS

### Section 5.1 Offers

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

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

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

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

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

(5) The LP Entities will not take any act that is intended to impede, hinder or interfere with Purchaser's efforts to hire any Employee.

(6) Purchaser acknowledges and agrees that (i) the LP Entities make no representation or warranty that any Employee will accept employment with Purchaser and (ii) the acceptance by Employees of offers of employment with Purchaser shall not constitute a condition to Purchaser's obligation to complete the Acquisition.

(7) The LP Entities and Purchaser shall co-operate with each other in all respects relating to any actions to be taken pursuant to this Article 5 and, subject to Applicable Laws, the LP Entities shall provide to Purchasers at Purchaser's request, any information or copies of any personnel records relating to the Transferred Employees.

(8) The LP Entities shall be solely responsible for all termination pay, pay in lieu of notice, severance obligations and all other Liabilities and Claims (other than in connection with (a) the LP Pension Plans; and (b) the Purchaser Assumed Benefit Plans) in respect of any Employee to whom an offer is not made on the Acquisition Date to the extent permitted by this Section 5.1 and any Employee who is offered employment by Purchaser but does not accept or commence employment with Purchaser.

(9) No Employee or Person other than the LP Entities and Purchaser shall be entitled to any rights or privileges under this Section 5.1 or under any other provisions of this Agreement. Without limiting the foregoing, no provision of this Agreement shall: (i) create any third party beneficiary or other rights in any bargaining agent representing Employees or in any other Employee or former employee of an LP Entity (or on any beneficiary or dependant of any Employee or former employee of an LP Entity); (ii) constitute or create an employment agreement or collective agreement; or (iii) constitute or be deemed to constitute an amendment to any of the Purchaser Established Benefit Plans, National Post Benefit Plans or LP Benefit Plans.

(10) Contracts with all independent contractors, including freelance writers and photographers, which are assignable shall be assigned by the LP Entities to Purchaser effective on the Acquisition Date. Where consent to assignment of any independent contractor agreement is required, the LP Entities shall use their commercial reasonable efforts to obtain such consent as soon as reasonably possible and prior to the Acquisition Date and Purchaser shall accept such assignments or offer contracts to all such independent contractors on terms substantially similar to the terms on which they are retained immediately prior to the Acquisition Time.

## **Section 5.2 LP Benefit Plans**

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

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

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

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

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

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



### Section 5.3 LP Pension Plans

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

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

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

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

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

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

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

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

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

#### **Section 5.4 Unionized Employees**

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

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

### **ARTICLE 6 – TAX MATTERS**

#### **Section 6.1 Goods and Services Tax and Québec Sales Tax**

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

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

## **Section 6.2 Provincial Retail Sales Taxes**

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

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

### **Section 6.3 Land Transfer Taxes**

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

### **Section 6.4 Rejected Elections and Indemnity**

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

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

## **ARTICLE 7 – REPRESENTATIONS AND WARRANTIES OF THE LP ENTITIES**

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

### **Section 7.1 Corporate Matters**

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

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

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

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

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

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

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

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

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

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

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

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

## **Section 7.2 Financial Matters**

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

### **Section 7.3 Share Capital, Shares and Assets – National Post**

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

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

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

### **Section 7.4 Assets**

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

(2) **Real Property.**

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

**(3) Real Property Leases and Leased Premises.**

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

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

**(5) Environmental Matters.**

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

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

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

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

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

(8) **Intellectual Property.**

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

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

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

## **Section 7.5 Conduct of Business**

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

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

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

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

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

## **Section 7.6 Employment Matters**

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

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

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

### **Section 7.7 Pension and Other Benefit Plans**

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

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

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

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

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

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

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

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

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

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

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

## **Section 7.8 General Matters**

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

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

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

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

## **ARTICLE 8 – REPRESENTATIONS AND WARRANTIES OF PURCHASER AND HOLDCO**

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

### **Section 8.1 Status**

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

### **Section 8.2 Due Authorization**

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

### **Section 8.3 Enforceability**

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

### **Section 8.4 Investment Canada Act**

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



## Section 8.5 No Conflicts

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

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

## Section 8.6 Financial Ability

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

## **Section 8.7 Litigation**

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

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

## **Section 8.8 Tax Registrations**

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

## **Section 8.9 Canadian Newspapers**

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

## **Section 8.10 Shareholders' Interests in Canadian Newspapers**

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

## **Section 8.11 Diligence by Purchaser**

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

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

## ARTICLE 9 – COVENANTS

### Section 9.1 General Covenants

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

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

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

### **Section 9.2 Actions to Satisfy Closing Conditions**

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

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

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

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

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

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

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

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

### **Section 9.3 Non-Assignable Assets**

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

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

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

#### **Section 9.4 Access**

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

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

#### **Section 9.5 Personal Information Privacy**

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

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

### **Section 9.6 Confidentiality**

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

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

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

### **Section 9.7 Administrative Reserve**

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

### **Section 9.8 Approval of CCAA Plan and CCAA Court Orders**

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

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

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

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



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

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

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

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

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

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

## **Section 9.9 Distribution**

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

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

## **Section 9.10 Cooperation and Assistance by the LP Entities**

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

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

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

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

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

### **Section 9.11 Restrictions on Amendments**

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

### **Section 9.12 Disentanglement from CMI Entities**

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

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

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

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

### **Section 9.13 Common Shares**

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

### **Section 9.14 Purchaser and Holdco Financing**

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

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

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

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

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

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

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

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

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

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

### **Section 9.15 Insured Litigation**

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

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

## ARTICLE 10 – CONDITIONS

### Section 10.1 Purchaser's Conditions

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

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



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

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

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

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

## **Section 10.2 The LP Entities' Conditions**

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

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

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

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

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

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

### **Section 10.3 Investment Canada Act**

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

## **ARTICLE 11 – SURVIVAL**

### **Section 11.1 Survival**

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

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

## ARTICLE 12 – COMPLETION

### Section 12.1 Completion

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

### Section 12.2 Designated Purchaser

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

## ARTICLE 13 – TERMINATION

### Section 13.1 Termination Rights

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

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

### Section 13.2 Effect of Termination

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

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

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

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

### **Section 13.3 Forfeiture of Deposit, Liquidated Damages**

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

## **ARTICLE 14 – MISCELLANEOUS**

### **Section 14.1 Planning Act**

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

### **Section 14.2 Further Assurances**

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

### **Section 14.3 Notice**

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

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

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

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

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

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

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

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

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

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

If to Purchaser or Holdco:

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

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

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

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

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

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

#### **Section 14.4 Time**

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

#### **Section 14.5 Governing Law**

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

#### **Section 14.6 Irrevocable Offer**

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

#### **Section 14.7 Entire Agreement**

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

#### **Section 14.8 Amendment**

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

#### **Section 14.9 Waiver**

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

#### **Section 14.10 Severability**

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

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

### **Section 14.11 Remedies Cumulative**

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

### **Section 14.12 Assignment and Enurement**

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

### **Section 14.13 No Third Party Rights**

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

### **Section 14.14 Counterparts and Facsimile**

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

*[Next page is signature page]*



SIGNATURE PAGE 1 TO ASSET PURCHASE AGREEMENT

The Parties have executed this Agreement.

7535538 CANADA INC.

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

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

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

CANWEST BOOKS INC.

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

CANWEST (CANADA) INC.

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

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

CANWEST PUBLISHING INC. /  
PUBLICATIONS CANWEST INC.

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

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

SIGNATURE PAGE 1 TO ASSET PURCHASE AGREEMENT

The Parties have executed this Agreement.


**7535538 CANADA INC.**

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

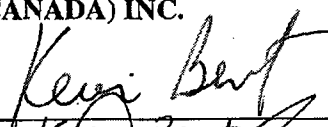
**CW ACQUISITION LIMITED  
PARTNERSHIP, by its general partner,  
7536321 CANADA INC.**

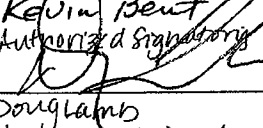
By: \_\_\_\_\_  
Name:  
Title:

**CANWEST BOOKS INC.**

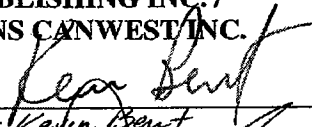
By:   
Name: Doug Lamb  
Title: Authorized signatory

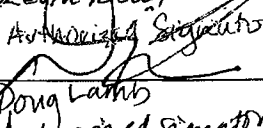
**CANWEST (CANADA) INC.**

By:   
Name: Kevin Beut  
Title: Authorized signatory

By:   
Name: Doug Lamb  
Title: Authorized signatory

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

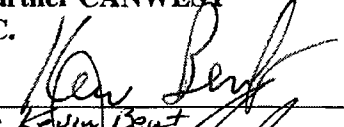
By:   
Name: Kevin Beut  
Title: Authorized signatory

By:   
Name: Doug Lamb  
Title: Authorized signatory

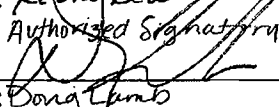
SIGNATURE PAGE 2 TO ASSET PURCHASE AGREEMENT

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

By:

  
Name: Kevin Beut  
Title: Authorized Signatory

By:

  
Name: Doug Lamb  
Title: Authorized Signatory

ASSET PURCHASE AGREEMENT



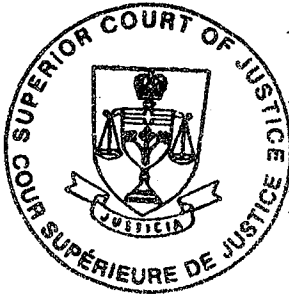
**APPENDIX C**  
**AMENDED CLAIMS PROCEDURE ORDER**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) MONDAY, THE 17<sup>th</sup> DAY  
 )  
MADAM JUSTICE PEPALL ) OF MAY, 2010

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



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

**APPLICANTS**

**AMENDED CLAIMS PROCEDURE ORDER**

**THIS MOTION** made by Canwest Publishing Inc./Publications Canwest Inc. ("**CPI**"), Canwest Books Inc. and Canwest (Canada) Inc. (the "**Applicants**") and Canwest Limited Partnership/Canwest Societe en Commandite ("**Canwest LP**", collectively and together with the Applicants, the "**LP Entities**", and each an "**LP Entity**"), for an order amending the procedure for the identification and quantification of certain claims against the LP Entities that was established pursuant to an order dated April 12, 2010 was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Affidavit of Douglas E.J. Lamb sworn May 10, 2010, the Seventh Report of FTI Consulting Canada Inc. (the "**Monitor's Seventh Report**") in its capacity as Court-appointed monitor of the LP Entities (the "**Monitor**") and on hearing from counsel for the LP Entities, the Monitor, the ad hoc committee of holders of 9.25% notes issued by Canwest Limited Partnership, The Bank of Nova Scotia in its capacity as Administrative Agent (the "**Agent**") for the LP Senior Lenders (as defined below), the court-appointed representatives of the salaried employees and retirees and such other counsel as were

present, no one else appearing although duly served as appears from the affidavit of service, filed.

### **SERVICE**

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

### **DEFINITIONS AND INTERPRETATION**

2. **THIS COURT ORDERS** that, for the purposes of this Order establishing and amending a claims process for the LP Entities (the “**LP Amended Claims Procedure Order**”), in addition to terms defined elsewhere herein, the following terms shall have the following meanings:
  - (a) “**Assessments**” means Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of appeal, audit, investigation, demand or similar request from any taxation authority;
  - (b) “**Business Day**” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;
  - (c) “**Calendar Day**” means a day, including Saturday, Sunday and any statutory holidays in the Province of Ontario, Canada;
  - (d) “**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
  - (e) “**CCAA Proceeding**” means the proceeding commenced by the LP Entities in the Court at Toronto under Court File No. CV-10-8533-00CL;



- (f) **“Claim”** means:
- (i) any right or claim of any Person against one or more of the LP Entities, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the LP Entities in existence on the Filing Date, and any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts which existed prior to the Filing Date, and includes any other claims that would have been claims provable in bankruptcy had the applicable LP Entity become bankrupt on the Filing Date (each, a **“Prefiling Claim”**, and collectively, the **“Prefiling Claims”**);
  - (ii) any right or claim of any Person against one or more of the LP Entities in connection with any indebtedness, liability or obligation of any kind whatsoever owed by one or more of the LP Entities to such Person arising out of the restructuring, disclaimer, rescission, termination or breach on or after the Filing Date of any contract, lease or other agreement whether written or oral and whether such restructuring, disclaimer, rescission, termination or breach took place or takes place before or after the date of this LP Amended Claims Procedure Order (each, a **“Restructuring Period Claim”**, and collectively, the **“Restructuring Period Claims”**);
  - (iii) any right or claim of any Person against one or more of the Directors or

Officers of one or more of the LP Entities or any of them, that relates to a Prefiling Claim or a Restructuring Period Claim howsoever arising for which the Directors or Officers of an LP Entity are by statute or otherwise by law liable to pay in their capacity as Directors or Officers or in any other capacity including, for greater certainty, any claim against a Director or Officer that may be secured by the LP Directors' Charge, but excluding any claims by the LP Senior Lenders (as defined herein) (each a "Director/Officer Claim", and collectively, the "**Directors/Officers Claims**");

other than Excluded Claims;

- (g) "**Claims Officer**" means the individuals designated by the Court pursuant to paragraph 11 of this LP Amended Claims Procedure Order and such other Persons as may be designated by the LP Entities and consented to by the Monitor;
- (h) "**Court**" means the Superior Court of Justice (Commercial List) in the City of Toronto in the Province of Ontario;
- (i) "**Creditors' Meeting Order**" means the Order of this Honourable Court dated May 17, 2010 establishing procedures for the call and conduct of a meeting of creditors of the LP Entities;
- (j) "**Director**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Applicants;
- (k) "**Distribution Claim**" means the amount of the Claim of a Creditor to the extent that such claim is finally determined for distribution purposes, in the event that an LP Plan is filed, in accordance with the provisions of this LP Amended Claims Procedure Order or the Creditors' Meeting Order, as applicable, and the CCAA;
- (l) "**Employee Claim**" any claim by an employee or former employee of the LP Entities arising out of the employment of such employee or former employee by

the LP Entities that relates to a Prefiling Claim or a Restructuring Period Claim other than an Excluded Claim or any employee-related liabilities that are being assumed by the Purchaser pursuant to the Purchase Agreement (each, an **“Employee Claim”**);

- (m) **“Excluded Claim”** means (i) claims secured by any of the Charges as defined in the Initial Order, (ii) Insured Claims, (iii) all Grievances or claims that can only be advanced in the form of a Grievance pursuant to the terms of a collective bargaining agreement, (iv) all claims by the LP Senior Lenders (as defined herein), including Director/Officer Claims (v) all claims of the LP DIP Lenders against the LP Entities pursuant to the LP DIP Definitive Documents, (vi) Intercompany Claims, and (vii) all claims of The Bank of Nova Scotia arising from the provision of cash management services to the LP Entities;
- (n) **“Filing Date”** means January 8, 2010;
- (o) **“Grievance”** means all grievances filed by bargaining agents (the **“Unions”**) representing unionized employees of the LP Entities, or their members, under applicable collective bargaining agreements;
- (p) **“Initial Order”** means the Initial Order of the Honourable Madam Justice Pepall made January 8, 2010, as amended, restated or varied from time to time;
- (q) **“Insured Claim”** means that portion of a Claim, other than a Director/Officer Claim, arising from a cause of action for which the applicable LP Entities are insured to the extent that such claim, or portion thereof, is insured;
- (r) **“Intercompany Claim”** means any claim by Canwest Global Communications Corp. (**“Canwest Global”**) or an affiliate or subsidiary of Canwest Global against one or more of the LP Entities including, for greater certainty, a claim by an LP Entity against another LP Entity;
- (s) **“LP Claims Bar Date”** means 5:00 p.m. on May 7, 2010;
- (t) **“LP Claims Package”** means the materials to be provided by the LP Entities to

Persons who may have a Claim which materials shall consist of a blank LP Proof of Claim, an LP Proof of Claim Instruction Letter, and such other materials as the LP Entities may consider appropriate or desirable;

- (u) “**LP Claims Procedure Order**” means the Order of this Honourable Court dated April 12, 2010 that is hereby amended by this LP Amended Claims Procedure Order
- (v) “**LP Claims Process**” means the call for claims process to be administered by the LP Entities with the assistance of the Monitor pursuant to the terms of this Order;
- (w) “**LP CRA**” means CRS Inc. in its capacity as the court-appointed Chief Restructuring Advisor of the LP Entities;
- (x) “**LP Creditor**” means any Person having a Claim including, without limitation and for greater certainty, the LP Noteholders, the LP Subordinated Lenders, the transferee or assignee of a transferred Claim that is recognized as an LP Creditor in accordance with paragraph 38 hereof or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;
- (y) “**LP Director/Officer Claims Bar Date**” means 5:00 p.m. (Toronto time) on June 3, 2010;
- (z) “**LP Hedging Creditor**” means the various counterparties to certain foreign currency, interest rate and commodity hedging agreements with the LP Entities whose obligations rank *pari passu* to the claims of the LP Secured Lenders (as defined below);
- (aa) “**LP Note Indenture**” means the note indenture dated July 13, 2007 with CanWest MediaWorks Limited Partnership as issuer, CanWest MediaWorks Publications Inc. and Canwest Books Inc. as guarantors, the Bank of New York as U.S. Trustee, and BNY Trust Company of Canada as Canadian Trustee that was entered into in connection with the issuance of US\$400 million of senior subordinated notes that bear interest at 9.25%;

- (bb) **“LP Notes”** means the US\$400 million of senior subordinated notes that bear interest at 9.25% that were issued pursuant to the LP Note Indenture;
- (cc) **“LP Noteholders”** means the holders of the LP Notes;
- (dd) **“LP Notice of Dispute of Revision or Disallowance”** means the notice referred to in paragraph 28 hereof, substantially in the form attached as Schedule “E” hereto, which may be delivered to the Monitor by an LP Creditor disputing an LP Notice of Revision or Disallowance, with reasons for its dispute;
- (ee) **“LP Notice of Revision or Disallowance”** means the notice referred to in paragraphs 26 and 27 hereof, substantially in the form of Schedule “D” advising an LP Creditor that the LP Entities have revised or rejected all or part of such LP Creditor’s Claim as set out in its LP Proof of Claim;
- (ff) **“LP Notice to Creditors”** means the notice for publication by the LP Entities or the Monitor as described in paragraph 16 hereof, substantially in the form attached hereto as Schedule “A”, calling for any and all Claims of LP Creditors;
- (gg) **“LP Notice of Amended Claims Procedure”** means the notice for publication by the LP Entities or the Monitor as described in paragraph 16.1 hereof, substantially in the form attached hereto as Schedule “F”, advising of the amendments to the LP Claims Procedure;
- (hh) **“LP Plan”** means, as further defined in the Initial Order, any proposed plan of compromise or arrangement that may be filed by any or all of the LP Entities (in consultation with the Monitor and the LP CRA) pursuant to the CCAA as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof other than the LP Senior Lenders’ CCAA Plan;
- (ii) **“LP Proof of Claim”** means the Proof of Claim referred to in paragraphs 22, 23 and 24 hereof to be filed by LP Creditors, in order to establish a Claim, substantially in the form attached hereto as Schedule “C”;
- (jj) **“LP Proof of Claim Instruction Letter”** means the instruction letter to LP

Creditors, substantially in the form attached as Schedule "B" hereto, regarding the completion of an LP Proof of Claim and the claims procedure described herein and stating the amount of the Claim of the particular LP Creditor receiving the LP Proof of Claim Instruction Letter, as evidenced by the books and records of the LP Entities;

- (kk) **"LP Restructuring Period Claims Bar Date and Employee Claims Bar Date"** means 5:00 p.m. (Toronto time) on June 3, 2010;
- (ll) **"LP Secured Lenders"** means the syndicate of lenders from time to time party to the credit agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership, The Bank of Nova Scotia, as Administrative Agent, the LP Secured Lenders and CanWest MediaWorks (Canada) Inc., CanWest MediaWorks Publications Inc. and Canwest Books Inc., as guarantors;
- (mm) **"LP Senior Lenders"** means the LP Hedging Creditors and the LP Secured Lenders;
- (nn) **"LP Senior Lenders' CCAA Plan"** means the plan of compromise or arrangement between the LP Entities and the LP Senior Lenders that was accepted for filing by this Honourable Court pursuant to the Initial Order and was approved by the LP Senior Lenders at a meeting on January 27, 2010;
- (oo) **"LP Senior Lenders' Claims"** means the claims of the LP Senior Lenders as determined pursuant to the LP Senior Lenders' Claim Procedure (as described below);
- (pp) **"LP Senior Lenders' Claims Procedure"** means the claims procedure approved in the Initial Order by which the LP Senior Lenders' Claims were determined in the context of the LP Senior Lenders' CCAA Plan;
- (qq) **"LP Senior Subordinated Credit Agreement"** means the senior subordinated credit agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership, the Subordinated Agent, the LP Subordinated Lenders, and

CanWest MediaWorks (Canada) Inc., CanWest MediaWorks Publications Inc. and Canwest Books Inc., as guarantors;

- (rr) **“LP Subordinated Lenders”** means the syndicate of lenders that are parties to the LP Senior Subordinated Credit Agreement;
- (ss) **“Meeting”** means any meeting of LP Creditors called for the purpose of considering and voting in respect of an LP Plan, if one is filed;
- (tt) **“Meeting Materials”** means those materials prepared by the LP Entities and in advance of a Meeting and including, among other things, copies of a notice of the Meeting, the Plan, the Creditors’ Meeting Order and a form of proxy;
- (uu) **“Monitor”** means FTI Consulting Canada Inc., as court-appointed Monitor in the CCAA proceeding of the LP Entities;
- (vv) **“Officer”** means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the LP Entities;
- (ww) **“Pension Claim”** means any claim under the pension plans of the LP Entities as identified in the Initial Order Affidavit;
- (xx) **“Person”** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity;
- (yy) **“Prefiling Claim”** has the meaning ascribed to that term in paragraph 2(f)(i) of this LP Amended Claims Procedure Order;
- (zz) **“Proven Claim”** means the Claim of an LP Creditor as established and determined pursuant to the terms of this LP Amended Claims Procedure Order for purposes of voting and distribution under any Plan;

- (aaa) **“Purchase Agreement”** means the asset purchase agreement dated as of May 10, 2010 between 7535538 Canada Inc., CW Acquisition Limited Partnership, Canwest Books Inc., Canwest (Canada) Inc., Canwest Publications Inc./Publications Canwest Inc. and Canwest Limited Partnership/Canwest Societe en Commandite;
- (bbb) **“Purchaser”** means CW Acquisition Limited Partnership pursuant to the AHC APA;
- (ccc) **“Restructuring Period Claim”** has the meaning ascribed to that term in paragraph 2(f)(ii) of this LP Amended Claims Procedure Order;
- (ddd) **“SERA Claim”** means any claim by a current or former employee of the LP Entities for payments or benefits arising out of a Southam Executive Retirement Arrangement (a **“SERA”**) that were discontinued after the Filing Date;
- (eee) **“SISP”** means the Sale and Investor Solicitation Process being carried out pursuant to the terms of the SISP Procedures;
- (fff) **“SISP Procedures”** means the Procedures for the Sale and Investor Solicitation Process, as amended, in the form attached as Schedule “A” to the Initial Order, as amended;
- (ggg) **“Subordinated Agent”** means The Bank of Nova Scotia, as Administrative Agent under the LP Senior Subordinated Credit Agreement;
- (hhh) **“Termination and Severance Claim”** means any claim by a former employee of the LP Entities with an effective date of termination on or before January 8, 2010 who was in receipt of salary continuance from the LP Entities that has been discontinued as a result of the commencement of the LP Entities’ CCAA proceeding; for greater certainty, Termination and Severance Claims do not include any employee claims that could be advanced as a Grievance pursuant to the terms of an applicable collective bargaining agreement;
- (iii) **“Trustees”** means the Bank of New York as U.S. Trustee and BNY Trust



Company of Canada as Canadian Trustee under the LP Note Indenture;

(jjj) “**Voting Claim**” means the amount of the Claim of an LP Creditor to the extent that such claim has been finally determined for voting at a Meeting, in accordance with the provisions of this LP Amended Claims Procedure Order, and the CCAA.

3. **THIS COURT ORDERS** that all capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Initial Order.
4. **THIS COURT ORDERS** that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.
5. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.
6. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

#### **GENERAL PROVISIONS**

7. **THIS COURT ORDERS** that the LP Entities and the Monitor are hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed and the time in which they are submitted, and may, where they are satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this LP Amended Claims Procedure Order, including in respect of completion, execution and time of delivery of such forms and request any further documentation from an LP Creditor that the LP Entities or the Monitor may require in order to enable them to determine the validity of a Claim.
8. **THIS COURT ORDERS** that any Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada noon exchange rate in effect at the Filing Date. U.S. dollar denominated claims shall be converted at the Bank of Canada Canadian/U.S. dollar noon exchange rate in effect at the Filing Date, which rate was

CDN\$1.0344:\$1 U.S.

9. **THIS COURT ORDERS** that interest and penalties that would otherwise accrue after the Filing Date shall not be included in any Claim.
10. **THIS COURT ORDERS** that copies of all forms delivered by or to an LP Creditor hereunder, as applicable, and determinations of Claims by a Claims Officer or the Court, as the case may be, shall be maintained by the LP Entities and, subject to further order of the Court, such LP Creditor will be entitled to have access thereto by appointment during normal business hours on written request to the LP Entities or the Monitor.

### **CLAIMS OFFICER**

11. **THIS COURT ORDERS** that The Honourable Edward Saunders, The Honourable Coulter Osborne and such other Persons as may be appointed by the Court from time to time on application of the LP Entities (in consultation with the LP CRA), or such other Persons designated by the LP Entities (in consultation with the LP CRA) and consented to by the Monitor, be and they are hereby appointed as Claims Officers for the claims procedure described herein.
12. **THIS COURT ORDERS** that, subject to the discretion of the Court, a Claims Officer shall determine the validity and amount of disputed Claims in accordance with this LP Amended Claims Procedure Order and to the extent necessary may determine whether any Claim or part thereof constitutes an Excluded Claim. A Claims Officer shall determine all procedural matters which may arise in respect of his or her determination of these matters, including the manner in which any evidence may be adduced. A Claims Officer shall have the discretion to determine by whom and to what extent the costs of any hearing before a Claims Officer shall be paid.
13. **THIS COURT ORDERS** that the Claims Officers shall be entitled to reasonable compensation for the performance of their obligations set out in this Claims Order on the basis of the hourly rate customarily charged by the Claims Officers in performing comparable functions to those set out in this Claims Order and any disbursements incurred in connection therewith. The fees and expenses of the Claims Officers shall be

borne by the LP Entities and shall be paid by the LP Entities forthwith upon receipt of each invoice tendered by the Claims Officers.

14. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, an LP Entity may in its sole discretion refer an LP Creditor's Claim for resolution to a Claims Officer or the Court for voting and/or distribution purposes, where in the LP Entity's view such a referral is preferable or necessary for the resolution of the valuation of the Claim.

### **MONITOR'S ROLE**

15. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, shall assist the LP Entities in connection with the administration of the claims procedure provided for herein, including the determination of Claims of LP Creditors and the referral of a particular Claim to a Claims Officer, as requested by the LP Entities from time to time, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this LP Amended Claims Procedure Order.

### **NOTICE OF CLAIMS**

16. **THIS COURT ORDERS** that forthwith after April 12, 2010 and in any event on or before April 20, 2010, the LP Entities or the Monitor shall publish the LP Notice to Creditors, for at least two (2) Business Days in the *National Post*, *The Globe and Mail* (National Edition), *La Presse* and *The Wall Street Journal*.
- 16.1 **THIS COURT ORDERS** that forthwith after the date of this LP Amended Claims Procedure Order, the LP Entities or the Monitor shall publish the LP Notice of Amended Claims Procedure, for at least two (2) Business Days in the *National Post*, *The Globe and Mail* (National Edition) and *La Presse*.
17. **THIS COURT ORDERS** that the Monitor shall send an LP Claims Package to each LP Creditor with a Claim (other than a Restructuring Period Claim, an Employee Claim or a Director/Officer Claim) as evidenced by the books and records of the LP Entities in

accordance with paragraph 39 before 11:59 p.m. on April 16, 2010. The LP Proof of Claim Instruction Letter for each such LP Creditor shall provide general information and instructions in respect of the filing of Claims. The LP Claims Package as sent to LP Creditors will also include an individualized letter setting forth the amount of the Claim of such LP Creditor as evidenced by the books and records of the LP Entities.

18. **THIS COURT ORDERS** that the LP Entities are authorized to send an LP Claims Package to the Trustees and that the LP Entities shall not be required to send LP Claims Packages to the individual LP Noteholders.
19. **THIS COURT ORDERS** that the LP Entities are authorized to send an LP Claims Package to the Subordinated Agent and that the LP Entities shall not be required to send LP Claims Packages to the individual LP Subordinated Lenders.
20. **THIS COURT ORDERS** that to the extent any LP Creditor requests such documents, the Monitor shall forthwith send an LP Claims Package, direct the LP Creditor to the documents posted on the Monitor's website or otherwise respond to the request for the LP Claims Package as may be appropriate in the circumstances.

**NOTICE OF RESTRUCTURING PERIOD CLAIMS, EMPLOYEE CLAIMS AND DIRECTOR/OFFICER CLAIMS**

21. **THIS COURT ORDERS** that to the extent that an LP Claims Package has not already been delivered to such LP Creditor pursuant to paragraph 17 hereof, the LP Entities shall deliver an LP Claims Package to each LP Creditor with a Restructuring Period Claim and each LP Creditor with an Employee Claim as soon as practicable after the LP Entities have knowledge of the Restructuring Period Claim or the Employee Claim and, in any event, no later than May 21, 2010.

**FILING OF PROOFS OF CLAIM**

22. **THIS COURT ORDERS** that any LP Creditor asserting a Claim against the LP Entities or any Director or Officer thereof shall file an LP Proof of Claim with the Monitor on or before the LP Claims Bar Date, the LP Restructuring Period Claims Bar Date and

Employee Claims Bar Date or the LP Director/Officer Claims Bar Date, as applicable.

23. **THIS COURT ORDERS** that the Trustees are authorized to file one or more LP Proofs of Claim on or before the LP Claims Bar Date on behalf of all of the LP Noteholders indicating that amount owing on an aggregate basis for all of the LP Notes. Notwithstanding any other provisions in this Order, the LP Noteholders are not required to file individual LP Proofs of Claim in respect of claims relating solely to the debt evidenced by the LP Notes.
24. **THIS COURT ORDERS** that the Subordinated Agent is hereby authorized to file one or more LP Proofs of Claim on or before the LP Claims Bar Date on behalf of all of the LP Subordinated Lenders, indicating that amount owing on an aggregate basis under the LP Senior Subordinated Credit Agreement. Notwithstanding any other provisions in this Order, the LP Subordinated Lenders are not required to file individual LP Proofs of Claim in respect of claims relating solely to the obligations under the LP Senior Subordinated Credit Agreement.
25. **THIS COURT ORDERS** that any LP Creditor that does not file an LP Proof of Claim as provided for in paragraph 22 herein so that such LP Proof of Claim is received by the Monitor on or before the LP Claims Bar Date, the LP Restructuring Period Claims Bar Date and Employee Claims Bar Date or the LP Director/Officer Claims Bar Date, as applicable, or such later date as the Monitor and the Applicants may agree in writing or the Court may otherwise agree:
  - (a) shall be and is hereby forever barred from making or enforcing any Claim against the LP Entities and/or the Directors or Officers thereof and the Claim shall be forever extinguished;
  - (b) shall not be entitled to further notice of any action taken by the LP Entities pursuant to this Order; and
  - (c) shall not be entitled to participate as an LP Creditor in these proceedings.

## **ADJUDICATION OF CLAIMS**

26. **THIS COURT ORDERS** that with the assistance of the Monitor and in consultation with the LP CRA, the LP Entities shall review all LP Proofs of Claim received by the LP Claims Bar Date, the LP Restructuring Period Claims Bar Date and Employee Claims Bar Date or the LP Director/Officer Claims Bar Date, as applicable, and shall accept, revise or reject each Claim. If the LP Entities intend to revise or reject a Claim, other than a Restructuring Period Claim, an Employee Claim or a Director/Officer Claim, the LP Entities shall by no later than May 31, 2010, or such other date as may be agreed to by the Monitor, notify each LP Creditor who has delivered an LP Proof of Claim whether such LP Creditor's Claim as set out therein has been revised or rejected and the reasons therefor, by sending an LP Notice of Revision or Disallowance. If the LP Entities intend to revise or reject a Restructuring Period Claim, an Employee Claim or a Director/Officer Claim, the LP Entities shall by no later than June 21, 2010, or such other date as may be agreed to by the Monitor, notify each LP Creditor who has delivered an LP Proof of Claim in respect of a Restructuring Period Claim, Employee Claim or Director/Officer Claim whether such LP Creditor's Claim as set out therein has been revised or rejected and the reasons therefore, by sending an LP Notice of Revision or Disallowance. Where the LP Entities do not send by such dates, or such other dates as may be agreed to by the Monitor, an LP Notice of Revision or Disallowance to an LP Creditor, the LP Entities shall be deemed to have accepted such LP Creditor's Claim in the amount set out in that LP Creditor's LP Proof of Claim.
27. **THIS COURT ORDER** that, where the LP Entities intend to revise or reject an LP Proof of Claim filed by the Trustees on behalf of the LP Noteholders or an LP Proof of Claim filed by the Subordinated Agent on behalf of the LP Subordinated Lenders, the LP Entities shall send the LP Notice of Revision or Disallowance to the Trustees or the Subordinated Agent, as applicable.
28. **THIS COURT ORDERS** that, except in the case of an LP Creditor with a Restructuring Period Claim, an Employee Claim or a Director/Officer Claim, any LP Creditor, and in the case of the LP Noteholders and the LP Subordinated Lenders, the Trustees and the

Subordinated Agent, respectively, who intends to dispute an LP Notice of Revision or Disallowance sent pursuant to the immediately preceding paragraphs shall deliver an LP Notice of Dispute of Revision or Disallowance to the Monitor before June 10, 2010, or such other date as may be agreed to by the Monitor. In the case of an LP Creditor with a Restructuring Period Claim, an Employee Claim or a Director/Officer Claim, such LP Creditor shall deliver an LP Notice of Dispute of Revision or Disallowance before June 30, 2010.

### **RESOLUTION OF CLAIMS**

29. **THIS COURT ORDERS** that where an LP Creditor that receives an LP Notice of Revision or Disallowance pursuant to paragraphs 26 and 27 above does not file an LP Notice of Dispute of Revision or Disallowance by the time set out in paragraph 28 above, such LP Creditor's Claim shall be deemed to be as set out in the LP Notice of Revision or Disallowance.
30. **THIS COURT ORDERS** that in the event that an LP Entity, with the assistance of the Monitor and in consultation with the LP CRA and any Director or Officer if the Claim is asserted as against them, is unable to resolve a dispute regarding any Claim with an LP Creditor, the LP Entity or the LP Creditor shall so notify the Monitor, and the LP Creditor or the LP Entity, as the case may be. The decision as to whether the LP Creditor's Claim should be adjudicated by the Court or a Claims Officer shall be in the sole discretion of the LP Entity. To the extent a Claim is referred under this paragraph to the Court or a Claims Officer, the Court or a Claims Officer, as the case may be, shall resolve the dispute between the LP Entity, any Director or Officer to the extent that a Claim is asserted as against them, and such LP Creditor, as soon as practicable.
31. **THIS COURT ORDERS** that where the value of an LP Creditor's Voting Claim has not been finally determined by the Court or the Claims Officer by the date of a Meeting, if any, the relevant LP Entity shall (in consultation with the LP CRA and the Monitor) either:

- (a) accept the LP Creditor's determination of the value of the Voting Claim as set out in the applicable LP Proof of Claim only for the purposes of voting and conduct the vote of the Creditors on that basis subject to a final determination of such LP Creditor's Voting Claim, and in such case the Monitor shall record separately the value of such LP Creditor's Voting Claim and whether such LP Creditor voted in favour of or against the LP Plan;
  - (b) subject to the written consent of the Purchaser, adjourn the Meeting until a final determination of the Voting Claim(s) is made; or
  - (c) deal with the matter as the Court may otherwise direct or as the LP Entities, the Monitor and the LP Creditor may otherwise agree.
32. **THIS COURT ORDERS** that either any of LP Creditor, a Director or Officer to the extent that a Claim is asserted as against them, or an LP Entity may, within two (2) Business Days of notification of a Claims Officer's determination in respect of an LP Creditor's Claim, appeal such determination to the Court by filing a notice of appeal, and the appeal shall be initially returnable within five (5) Business Days of the filing of such notice of appeal, such appeal to be an appeal based on the record before the Claims Officer and not a hearing de novo.
33. **THIS COURT ORDERS** that if no party appeals the determination of a Claim by a Claims Officer within the time set out in paragraph 32 above, the decision of the Claims Officer in determining the value of an LP Creditor's Claim shall be final and binding upon the relevant LP Entity, the Monitor and the LP Creditor and there shall be no further right of appeal, review or recourse to the Court from the Claims Officer's final determination of a Claim.

**SUSPENSION OF THE CLAIMS PROCESS**

34. **THIS COURT ORDERS** that no steps for the purposes of adjudicating or resolving the Claims (as described in paragraphs 26 through 32 herein) shall be taken unless:



- (a) Phase 2 of the SISP is completed and the Monitor, the LP CRA, the LP Entities and the Agent make a determination that such steps are reasonably required to close the AHC Transaction (as defined in the Monitor's Seventh Report);
- (b) after the closing of the AHC Transaction (or such earlier date as may be agreed to by the Monitor, the LP CRA, the LP Entities and the Agent), the Monitor, the LP CRA and the LP Entities make a determination that the resolution of Claims is reasonably required to facilitate a distribution of proceeds from such Successful Bid; or
- (c) directed by further Order of the Court.

For greater certainty, in the event that the AHC Transaction is not approved or is otherwise terminated, no further steps shall be taken for the purpose of adjudicating or resolving the Claims.

35. **THIS COURT ORDERS** that if a determination is made under paragraph 34 above, the Monitor shall as soon as reasonably possible thereafter post notice of such determination on the website maintained for this proceeding at: <http://cfcanada.fticonsulting.com/clp>, and such posting shall constitute notice of such determination.

#### **SET-OFF**

36. **THIS COURT ORDERS** that the LP Entities may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to the LP Plan to any LP Creditor, any claims of any nature whatsoever that any of the LP Entities may have against such LP Creditor, however, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the LP Entities of any such claim that the LP Entities may have against such LP Creditor.

#### **NOTICE OF TRANSFEREES**

37. **THIS COURT ORDERS** that leave is hereby granted from the date of this LP Amended Claims Procedure Order until May 27, 2010 to permit an LP Creditor to provide notice of assignment or transfer of a Claim to the Monitor.

38. **THIS COURT ORDERS** that if, after the Filing Date, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the LP Entities shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the relevant LP Entity and the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this LP Amended Claims Procedure Order prior to receipt and acknowledgement by the relevant LP Entity and the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any rights of set-off to which an LP Entity may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to any of the LP Entities. No transfer or assignment shall be received for voting purposes unless such transfer shall have been received by the Monitor no later than 5:00 p.m. (Toronto time) on May 27, 2010, failing which the original transferor shall have all applicable rights as the "Creditor" with respect to such Claim as if no transfer of the Claim had occurred. Reference to transfer in this LP Amended Claims Procedure Order includes a transfer or assignment whether absolute or intended as security.

### **SERVICE AND NOTICES**

39. **THIS COURT ORDERS** that the LP Entities and the Monitor may, unless otherwise specified by this LP Amended Claims Procedure Order, serve and deliver the LP Claims Package, the Meeting Materials, any letters, notices or other documents to LP Creditors or any other interested Person by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to such Persons at the physical or electronic address, as applicable, last shown on the books and records of the LP Entities or set out in such LP Creditor's LP Proof of Claim. Any such service and

delivery shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by facsimile transmission or email by 6:00 p.m. on a Business Day, on such Business Day and if delivered after 6:00 p.m. or other than on a Business Day, on the following Business Day.

40. **THIS COURT ORDERS** that any notice or communication required to be provided or delivered by an LP Creditor to the Monitor or the LP Entities under this LP Amended Claims Procedure Order shall be in writing in substantially the form, if any, provided for in this LP Amended Claims Procedure Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery, facsimile transmission or email addressed to:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing  
Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra  
Telephone: 1 888- 310-7627  
Fax: 416-649-8101  
Email: CanwestLP@fticonsulting.com

Any such notice or communication delivered by an LP Creditor shall be deemed to be received upon actual receipt by the Monitor thereof during normal business hours on a Business Day or if delivered outside of normal business hours, the next Business Day.

41. **THIS COURT ORDERS** that if during any period during which notices or other communications are being given pursuant to this LP Amended Claims Procedure Order a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given

hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this LP Amended Claims Procedure Order.

42. **THIS COURT ORDERS** that in the event that this LP Amended Claims Procedure Order is later amended by further Order of the Court, the LP Entities or the Monitor may post such further Order on the Monitor's website and such posting shall constitute adequate notice to LP Creditors of such amended claims procedure.

### **MISCELLANEOUS**

43. **THIS COURT ORDERS** that notwithstanding any other provisions of this LP Amended Claims Procedure Order, the solicitation by the Monitor or the LP Entities of LP Proofs of Claim, and the filing by any LP Creditor of any LP Proof of Claim shall not, for that reason only, grant any person any standing in these proceedings or rights under any proposed LP Plan.
44. **THIS COURT ORDERS** that nothing in this LP Amended Claims Procedure Order shall (i) constitute or be deemed to constitute an allocation or assignment of Claims or Excluded Claims by the LP Entities into particular affected or unaffected classes for the purpose of an LP Plan; or (ii) authorize or require the LP Entities to file an LP Plan.
45. **THIS COURT ORDERS** that in the event that no LP Plan is approved by this Court, the LP Claims Bar Date, LP Restructuring Period Claims Bar Date and Employee Claims Bar Date or LP Director/Officer Claims Bar Date, as the case may be, shall be of no effect in any subsequent proceeding or distribution with respect to any and all Claims made by LP Creditors.
46. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial regulatory body of the United States and the states

or other subdivisions of the United States and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this LP Amended Claims Procedure Order.

Stu Pall, J.

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

MAY 17 2010

PER / PAR: CL

## **SCHEDULE "A"**

**NOTICE TO CREDITORS OF Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. (collectively, the "Applicants") and Canwest Limited Partnership ("Canwest LP" and, together with the Applicants, the "LP Entities")**

**RE: NOTICE OF CLAIMS PROCEDURE AND CLAIMS BAR DATE IN COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROCEEDINGS**

**NOTICE IS HEREBY GIVEN** that pursuant to an Order of the Ontario Superior Court of Justice made April 12, 2010 (the "Order"), a claims procedure was approved for the determination of certain claims against the LP Entities.

**PLEASE TAKE NOTICE** that the claims procedure applies only to Claims of Creditors described in the Order. No other claims are being compromised. A copy of the Order and other public information concerning the CCAA Proceedings can be found at the Monitor's website: <http://cfcanada.fticonsulting.com/clp>.

**THE LP CLAIMS BAR DATE is 5:00 p.m. (Toronto Time) on May 7, 2010** or, if you have a Restructuring Period Claim, 21 days after you are deemed to have received the LP Claims Package pursuant to the Order. Any creditor who has not received an LP Claims Package and who believes that it has a Claim against one or more of the LP Entities must contact the Monitor in order to obtain an LP Proof of Claim. LP Proofs of Claim must be filed with the Monitor on or before the LP Claims Bar Date or the LP Restructuring Period Claims Bar Date, as the case may be.

**HOLDERS OF CLAIMS** that do not file an LP Proof of Claim by the LP Claims Bar Date or the LP Restructuring Period Claims Bar Date, as the case may be, shall not be entitled to

vote at any meeting of creditors regarding any plan of compromise or arrangement proposed by the LP Entities or participate in any distribution under such plan, and any Claims such Creditor may have against any of the LP Entities shall be forever extinguished and barred.

**FORMER EMPLOYEES WITH SERA CLAIMS OR TERMINATION AND SEVERANCE CLAIMS**, as defined in the Order, may contact Court-appointed representative counsel for further information at [CSER@nelligan.ca](mailto:CSER@nelligan.ca) or 1-888-565-9912.

**CREDITORS REQUIRING INFORMATION** or claim documentation may contact the Monitor at the following address or facsimile:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra

Telephone: 1 888- 310-7627

Fax: 416-649-8101

Email: [CanwestLP@fticonsulting.com](mailto:CanwestLP@fticonsulting.com)

## **SCHEDULE "B"**

**LP PROOF OF CLAIM INSTRUCTION LETTER  
FOR THE CLAIMS PROCEDURE FOR LP CREDITORS OF  
CANWEST PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS  
INC., CANWEST (CANADA) INC. AND CANWEST LIMITED  
PARTNERSHIP/CANWEST SOCIETE EN COMMANDITE (collectively, the "LP  
ENTITIES")**

**PLEASE NOTE THAT THIS IS A SEPARATE AND DISTINCT CLAIMS PROCESS  
FROM THE CLAIMS PROCESS GOVERNING THE CMI ENTITIES. ALL  
CREDITORS THAT BELIEVE THEY HAVE A CLAIM AGAINST CANWEST  
PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC.,  
CANWEST (CANADA) INC. AND CANWEST LIMITED PARTNERSHIP/CANWEST  
SOCIETE EN COMMANDITE MUST FILE A PROOF OF CLAIM FORM**

### **LP CLAIMS PROCESS**

By Order of the Honourable Madam Justice Pepall dated April 12, 2010, as amended by the Order of Madam Justice Pepall dated May 17, 2010 (and as may be further amended from time to time, the "Amended Claims Procedure Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA"), the LP Entities have been authorized to conduct a claims process (the "LP Claims Process") pursuant to a claims procedure (the "Claims Procedure"). A copy of the Amended Claims Procedure Order and other public information concerning these proceedings can be obtained from the website of FTI Consulting Canada Inc., the Court-appointed Monitor of the LP Entities, at <http://cfcanada.fticonsulting.com/clp>.

This letter provides general instructions for completing the LP Proof of Claim forms. Capitalized terms not defined within this instruction letter shall have the meanings ascribed to them in the Order.

The LP Claims Process is intended for any Person with a claim of any kind or nature whatsoever, other than an Excluded Claim, arising on or prior to January 8, 2010, whether unliquidated, contingent or otherwise. In addition, the LP Claims Process is intended for any Person with any Claim arising after January 8, 2010 against any or all of the LP Entities or a Director or Officer thereof as the result of the restructuring, disclaimer, resiliation, termination or breach of any



contract, lease or other type of agreement. Please review the Order for the complete definitions of Claim, Prefiling Claim, Restructuring Period Claim, Employee Claim, Director/Officer Claim and Excluded Claim.

All notices and inquiries with respect to the LP Claims Process and the Claims Procedure should be directed to the Monitor by prepaid registered mail, courier, personal delivery, facsimile transmission or email at the address below:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing  
Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8  
Attention: Pamela Luthra

Telephone: 1 888- 310-7627  
Fax: 416-649-8101  
Email: [CanwestLP@fticonsulting.com](mailto:CanwestLP@fticonsulting.com)

**YOU MUST FILE A PROOF OF CLAIM BY THE CLAIMS BAR DATE, THE LP RESTRUCTURING PERIOD CLAIMS BAR DATE AND EMPLOYEE CLAIMS BAR DATE OR THE DIRECTOR/OFFICER CLAIMS BAR DATE, AS MAY THE CASE MAY BE, IN ORDER TO ESTABLISH YOUR CLAIM. THE LP CLAIMS BAR DATE is 5:00 p.m. (Toronto Time) on May 7, 2010 or, IF YOU HAVE A RESTRUCTURING PERIOD CLAIM, AN EMPLOYEE CLAIM OR A DIRECTOR/OFFICER CLAIM, THE LP RESTRUCTURING PERIOD CLAIMS BAR DATE AND EMPLOYEE CLAIMS BAR DATE AND THE LP DIRECTOR/OFFICER CLAIMS BAR DATE IS 5:00 (Toronto Time) on June 3, 2010, unless the Monitor and the LP Entities agree in writing or the Court Orders that the LP Proof of Claim be accepted after that date. IF YOU DO NOT FILE AN LP PROOF OF CLAIM BY THE LP CLAIMS BAR DATE, THE LP RESTRUCTURING PERIOD CLAIMS BAR DATE AND EMPLOYEE CLAIMS BAR DATE OR THE DIRECTOR/OFFICER CLAIMS BAR DATE, AS THE CASE MAY BE, you will not be entitled to vote at any meeting of creditors regarding any plan of compromise or arrangement proposed by the LP Entities or participate in any distribution under such plan, and any Claims**

you may have against any of the LP Entities or any Director or Officer thereof will be forever extinguished and barred.

Claims denominated in a foreign currency other than U.S. dollars shall be converted to Canadian dollars at the Bank of Canada noon exchange rate in effect at the Filing Date. U.S. dollar denominated claims shall be converted at the Bank of Canada Canadian/U.S.dollar noon exchange rate in effect at the Filing Date which rate was Cdn \$1.0344: \$1 U.S.

Please refer to the Amended Claims Procedure Order for further details.

If you decide to submit an LP Proof of Claim and the LP Entities disagree with the value or status that you have ascribed to your Claim, or the validity of your Claim as set out in your LP Proof of Claim, and such disagreement cannot be resolved consensually, you will receive an LP Notice of Revision or Disallowance from the LP Entities (as set out in paragraph 22 of the Claims Procedure Order).

#### **ADDITIONAL FORMS**

Additional LP Proof of Claim forms can be obtained from the Monitor's website at <http://cfcanada.fticonsulting.com/clp> or by contacting the Monitor and providing the particulars as to your name, address, facsimile number, email address and contact person. Once the LP Entities have this information, you will receive, as soon as practicable, additional LP Proof of Claim forms.

**SCHEDULE "C"**

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

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 INC., CANWEST BOOKS  
INC. AND CANWEST (CANADA) INC.

APPLICANTS

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**LP PROOF OF CLAIM**

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**1. PARTICULARS OF CREDITOR:**

(a) Full Legal Name of Creditor:

\_\_\_\_\_ (the "Creditor").

*(Full legal or Corporate name should be the name of the original Creditor. Do not file separate Proofs of Claim for divisions of the same Creditor.)*

(b) Full Mailing Address of Creditor:

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- (c) \*Telephone Number of Creditor: \_\_\_\_\_
- (d) \*Facsimile Number of Creditor: \_\_\_\_\_
- (e) \*E-mail Address of Creditor: \_\_\_\_\_
- (f) \*Attention (Contact Person): \_\_\_\_\_
- (g) Has the Claim been sold or assigned by Creditor to another party?  
Yes \_\_\_\_\_ No \_\_\_\_\_ (If yes please completed section 5)

**\*In order to ensure that all claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or email address.**

**2. PROOF OF CLAIM**

**THE UNDERSIGNED CERTIFIES AS FOLLOWS:**

- (a) That I am a Creditor of/hold the position of \_\_\_\_\_ of the Creditor and have knowledge of all the circumstances connected with the Claim described herein;
- (b) That I have knowledge of all the circumstances connected with the Claim described and set out below;
- (c) That the LP Entity/Director or Officer was and still is indebted to the Creditor as follows (*Claims denominated in a foreign currency other than U.S. dollars shall be converted to Canadian dollars at the Bank of Canada noon exchange rate in effect at the Filing Date. U.S. dollar denominated claims shall be converted at the Bank of Canada Canadian/U.S.dollar noon exchange rate in effect at the Filing Date which rate was Cdn \$1.0344: \$1 U.S.*)

	Prefiling Claims	Restructuring Period Claims	Employee Claims	Total Claims
Canwest Publishing Inc./Publications Canwest Inc.	\$	\$	\$	\$
Canwest Books Inc.	\$	\$	\$	\$
Canwest (Canada) Inc.	\$	\$	\$	\$
Canwest Limited Partnership	\$	\$	\$	\$
Directors/Officers	\$	\$	\$	\$
<b>Total Claims</b>	\$	\$	\$	\$

3. **NATURE OF CLAIM**

***(CHECK AND COMPLETE APPROPRIATE CATEGORY)***

- Unsecured Claim of \$ \_\_\_\_\_
- Secured Claim of \$ \_\_\_\_\_

In respect of this debt, I hold security over the assets of the LP Entity valued at \$ \_\_\_\_\_, the particulars of which security and value are attached to this Proof of Claim form.

*(Give full particulars of the security, including the date on which the security was given, the value that you ascribe to the assets charged by your security and the basis for such valuation, and attach a copy of the security documents evidencing the security.)*

4. **PARTICULARS OF CLAIM:**

The Particulars of the undersigned's total Claim are attached.

*(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed).*

5. **PARTICULARS OF ASSIGNEE(S) (only to be completed if your claim has been sold or assigned to another party):**

(a) Full Legal Name of Assignee(s) of Claim (if all or a portion of the Claim has been sold). If there is more than one assignee, please attach separate sheets with the following information:

\_\_\_\_\_ (the "Assignee(s)")

Amount of Total Claim Assigned \$ \_\_\_\_\_

Amount of Total Claim Not Assigned \$ \_\_\_\_\_

Total Amount of Claim \$ \_\_\_\_\_  
(should equal "Total Claim" as entered in Section 2)

(b) Full Mailing Address of Assignee(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) Telephone Number of Assignee(s): \_\_\_\_\_

(d) Facsimile Number of Assignee(s): \_\_\_\_\_

(e) Attention (Contact Person): \_\_\_\_\_

6. **FILING OF CLAIM**

This LP Proof of Claim must be returned to and received by the Monitor by **5:00 p.m. (Toronto Time) on May 7, 2010** or, **IF YOU HAVE A RESTRUCTURING PERIOD CLAIM, AN EMPLOYEE CLAIM OR A DIRECTOR/OFFICER CLAIM, 5:00 (Toronto Time) on June 3, 2010** (unless the Monitor and the LP Entities agree in writing or the Court Orders that the LP Proof of Claim be accepted after that date) at the following address:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra

Telephone: 1 888- 310-7627  
Fax: 416-649-8101  
Email: **CanwestLP@fticonsulting.com**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Per: \_\_\_\_\_

**SCHEDULE "D"**

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

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 INC., CANWEST BOOKS  
INC. AND CANWEST (CANADA) INC.

APPLICANTS

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**LP NOTICE OF REVISION OR DISALLOWANCE**

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TO: **[insert name and address of creditor]**

The LP Entities have disallowed in full or in part, your Claim, as set out in your LP Proof of Claim, as set out below:



**Prefiling Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
Canwest Publishing Inc./Publications Canwest Inc.	\$	\$	\$
Canwest Books Inc.	\$	\$	\$
Canwest (Canada) Inc.	\$	\$	\$
Canwest Limited Partnership	\$	\$	\$
Directors/Officers	\$	\$	\$
<b>Total Claims</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Restructuring Period Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
Canwest Publishing Inc./Publications Canwest Inc.	\$	\$	\$
Canwest Books Inc.	\$	\$	\$
Canwest (Canada) Inc.	\$	\$	\$
Canwest Limited Partnership	\$	\$	\$
Directors/Officers	\$	\$	\$
<b>Total Claims</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Employee Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
Carwest Publishing Inc./Publications Carwest Inc.	\$	\$	\$
Carwest Books Inc.	\$	\$	\$
Carwest (Canada) Inc.	\$	\$	\$
Carwest Limited Partnership	\$	\$	\$
Directors/Officers	\$	\$	\$
<b>Total Claims</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**REASONS FOR DISALLOWANCE:**

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**IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:**  
**IN THE CASE OF AN LP CREDITOR WITH A PREFILING CLAIM,** you must, no later than **5:00 p.m. (Toronto Time)** before the June 10, 2010 notify the Monitor of such intent by delivering an LP Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/clp>) in accordance with the LP Amended Claims Procedure Order to the following address or facsimile:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra

Telephone: 1 888- 310-7627  
Fax: 416-649-8101  
Email: **CanwestLP@fticonsulting.com**

**IN THE CASE OF AN LP CREDITOR WITH A RESTRUCTURING PERIOD CLAIM, AN EMPLOYEE CLAIM OR A DIRECTOR/OFFICER CLAIM,** you must, no later than **5:00 p.m. (Toronto Time)** before June 30, 2010 notify the Monitor of such intent by delivering an LP Notice of Dispute of Revision or Disallowance in accordance with the LP Amended Claims Procedure Order to the following address or facsimile:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra

Telephone: 1 888- 310-7627  
Fax: 416-649-8101  
Email: **CanwestLP@fticonsulting.com**

If you do not deliver an LP Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's website at <http://cfcCanada.fticonsulting.com/clp>) by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in this LP Notice of Revision or Disallowance.

DATE

**SCHEDULE "E"**

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

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 INC., CANWEST BOOKS  
INC. AND CANWEST (CANADA) INC.

APPLICANTS

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**LP NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE**

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**7. PARTICULARS OF CREDITOR:**

(a) Full Legal Name of Creditor: \_\_\_\_\_

(b) Full Mailing Address of Creditor: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(c) \*Telephone Number of Creditor: \_\_\_\_\_

(d) \*Facsimile Number of Creditor: \_\_\_\_\_

(e) \*E-mail Address of Creditor: \_\_\_\_\_

(f) Attention (Contact Person): \_\_\_\_\_

**\*In order to ensure that all claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or email address.**

**8. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:**

(a) Have you acquired this Claim by assignment? Yes  No   
 (if yes, attach documents evidencing assignment)

(b) Full Legal Name of original creditor(s): \_\_\_\_\_

**9. DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:**

We hereby disagree with the value of our Claim as set out in the LP Notice of Revision or Disallowance dated \_\_\_\_\_, as set out below:

**PreFiling Claim:**

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
Canwest Publishing Inc./Publications Canwest Inc.	\$	\$	\$
Canwest Books Inc.	\$	\$	\$
Canwest (Canada) Inc.	\$	\$	\$
Canwest Limited Partnership	\$	\$	\$
Directors/Officers	\$	\$	\$
<b>Total Claims</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Restructuring Period Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
Canwest Publishing Inc./Publications Canwest Inc.	\$	\$	\$
Canwest Books Inc.	\$	\$	\$
Canwest (Canada) Inc.	\$	\$	\$
Canwest Limited Partnership	\$	\$	\$
Directors/Officers	\$	\$	\$
<b>Total Claims</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Employee Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
Canwest Publishing Inc./Publications Canwest Inc.	\$	\$	\$
Canwest Books Inc.	\$	\$	\$
Canwest (Canada) Inc.	\$	\$	\$
Canwest Limited Partnership	\$	\$	\$
Directors/Officers	\$	\$	\$
<b>Total Claims</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**REASONS FOR DISPUTE:**

*(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)*

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If you intend to dispute an LP Notice of Revision or Disallowance, you must,

**IN THE CASE OF AN LP CREDITOR WITH A PREFILING CLAIM, no later than 5:00 p.m. (Toronto Time) on June 10, 2010** notify the Monitor of such intent by delivering an LP Notice of Dispute of Revision or Disallowance in accordance with the LP Amended Claims Procedure Order to the following address or facsimile:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing  
Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra

Telephone: 1 888- 310-7627  
Fax: 416-649-8101  
Email: **CanwestLP@fticonsulting.com**



**IN THE CASE OF AN LP CREDITOR WITH A RESTRUCTURING PERIOD CLAIM, AN EMPLOYEE CLAIM OR A DIRECTOR/OFFICER CLAIM, you must, no later than 5:00 p.m. (Toronto Time) on June 30, 2010** notify the Monitor of such intent by delivering an LP Notice of Dispute of Revision or Disallowance in accordance with the LP Amended Claims Procedure Order to the following address or facsimile:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra

Telephone: 1 888- 310-7627

Fax: 416-649-8101

Email: **CanwestLP@fticonsulting.com**

If you do not deliver an LP Notice of Dispute of Revision or Disallowance by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in the LP Notice of Revision or Disallowance.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Per: \_\_\_\_\_

## SCHEDULE "F"

**NOTICE TO CREDITORS OF Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. (collectively, the "Applicants") and Canwest Limited Partnership ("Canwest LP" and, together with the Applicants, the "LP Entities")**

**RE: NOTICE OF AMENDED CLAIMS PROCEDURE IN COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROCEEDINGS**

**NOTICE IS HEREBY GIVEN** that pursuant to an Order of the Ontario Superior Court of Justice made May 17, 2010 (the "**Amended Claims Procedure Order**"), certain amendments were made to the Order dated April 12, 2010 that established procedures (the "**Claims Procedure**") for the determination of certain claims against the LP Entities.

**PLEASE TAKE NOTICE** that the Claims Procedure applies only to Claims of LP Creditors described in the Amended Claims Procedure Order. No other claims are being compromised. A copy of the Amended Claims Procedure Order and other public information concerning the CCAA Proceedings can be found at the Monitor's website: <http://cfcanada.fticonsulting.com/clp>.

**THE AMENDED CLAIMS PROCEDURE ORDER** calls for additional claims against the LP Entities, including certain claims (i) by employees or former employees of the LP Entities arising out of the employment of such employee by the LP Entities (the "**Employee Claims**") and (ii) against the directors and officers of the LP Entities (the "**Director/Officer Claims**").

**THE CLAIMS BAR DATE** for LP Restructuring Period Claims and Employee Claims Bar Date and Director/Officer Claims Bar Date is **5:00 p.m. (Toronto Time) on June 3, 2010**. Any creditor who has not received an LP Claims Package and who believes that it has a Claim

against one or more of the LP Entities must contact the Monitor in order to obtain an LP Proof of Claim. LP Proofs of Claim must be filed with the Monitor on or before the LP Claims Bar Date, the LP Restructuring Period Claims and Employee Claims Bar Date or the Director/Officer Claims Bar Date.

**HOLDERS OF CLAIMS** that do not file an LP Proof of Claim by the applicable claims bar date shall not be entitled to vote at any meeting of creditors regarding any plan of compromise or arrangement proposed by the LP Entities or participate in any distribution under such plan, and any Claims such Creditor may have against any of the LP Entities shall be forever extinguished and barred.

**EMPLOYEES OR FORMER EMPLOYEES** that may have claims against the LP Entities pursuant to the Amended Claims Procedure Order, may contact Court-appointed representative counsel for further information at [CSER@nelligan.ca](mailto:CSER@nelligan.ca) or 1-888-565-9912.

**CREDITORS REQUIRING INFORMATION** or claim documentation may contact the Monitor at the following address or facsimile:

FTI Consulting Canada Inc., Court-appointed Monitor of Canwest Publishing  
Inc./Publications Canwest Inc. et al  
Claims Process  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON  
M5K 1G8

Attention: Pamela Luthra

Telephone: 1 888- 310-7627

Fax: 416-649-8101

Email: [CanwestLP@fticonsulting.com](mailto:CanwestLP@fticonsulting.com)

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

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

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

APPLICANTS

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**AMENDED CLAIMS PROCEDURE ORDER**

**OSLER, HOSKIN & HARCOURT LLP**  
Box 50, 1 First Canadian Place  
Toronto, Ontario, Canada 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 D  
MEETING ORDER**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM ) MONDAY, THE 17<sup>th</sup> DAY  
 )  
JUSTICE PEPALL ) OF MAY, 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 PUBLICATIONS  
INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS  
INC. AND CANWEST (CANADA) INC.



**APPLICANTS**

**CREDITORS' MEETING ORDER**

**THIS MOTION** made by the Applicants for an Order: (a) authorizing the Applicants and Canwest Limited Partnership / Canwest Societe en Commandite (the "**Limited Partnership**") and, collectively with the Applicants, the "**LP Entities**") to call, hold and conduct a meeting of certain of their creditors (the "**Creditors' Meeting**") to consider and vote on a resolution to approve a plan of compromise or arrangement concerning, affecting and involving the LP Entities and; and (b) approving the procedures to be followed with respect to the calling and conduct of the Creditors' Meeting, was heard this day at 330 University Avenue, Toronto.

**ON READING** the Affidavit of Douglas E.J. Lamb sworn May 10, 2010 (the "**Lamb Affidavit**"), and the Seventh Report of the Monitor, FTI Consulting Canada Inc., dated May 11, 2010 (the "**Monitor's Seventh Report**"), and on hearing the submissions of counsel for the LP Entities, FTI Consulting Canada Inc. in its capacity as court-appointed Monitor for the LP Entities (the "**Monitor**"), the ad hoc committee of holders of 9.25% senior subordinated notes issued by the Limited Partnership (the "**Ad Hoc Committee**"), 7535538 Canada Inc. ("**Holdco**"), CW Acquisition Limited Partnership (the "**Purchaser**"), The Bank of Nova Scotia in its capacity as Administrative Agent for the senior lenders to the LP Entities, court-appointed counsel for the representatives of the salaried employees and retirees of the LP Entities, and such other counsel as were present, no one appearing for the remainder of the service list, although duly served with the motion record as appears from the Affidavit of Service, filed.

## **SERVICE**

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

## **DEFINITIONS**

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Creditors' Meeting Order shall have the meanings ascribed to them in the Amended Claims Procedure Order dated May 17, 2010 and the asset purchase agreement dated as of May 10, 2010 among and the LP Entities, Holdco and the Purchaser (the "**AHC APA**"), a copy of which is attached to the Motion Record of the Applicants.

## **PLAN OF COMPROMISE OR ARRANGEMENT**

3. **THIS COURT ORDERS** that, subject to further Order of this Court, the Applicants shall file with the Court their plan of compromise or arrangement (the "**Plan**") and the management circular in connection therewith (the "**Information Circular**"), on or before May 20, 2010, provided that the LP Entities may at any time and from time to time prior to the Creditors' Meeting amend, restate, modify and/or supplement the Plan provided that to the extent that such amendment, restatement, modification and/or supplement is material, it shall be contained in a written document filed with this Honourable Court, and communicated to creditors whose claims are included in the LP Claims Process pursuant to the Amended Claims Procedure Order and whose claims will be affected by the Plan including, for greater certainty, claims against the directors and officers of the LP Entities (the "**Affected Creditors**") in the manner required by this Honourable Court (if so required).

## **FORMS OF DOCUMENTS**

4. **THIS COURT ORDERS** that the Notice to Affected Creditors substantially in the form attached hereto as Schedule "A" (the "**Notice to Affected Creditors**"), the Instructions to Affected Creditors substantially in the form attached hereto as Schedule "B" (the "**Instructions to Affected Creditors**"), the Proxy substantially in the form attached hereto as Schedule "C" (the "**Proxy**") the Cash Election Form (the "**Cash Election Form**") substantially



in the form attached hereto as Schedule "D" and the Declaration as to Canadian Residency in the form attached hereto as Schedule "E" (the "**Declaration as to Canadian Residency**"), the Notice of Subordinated Lender Pro Rata Claim substantially in the form attached hereto as Schedule "F" (the "**Notice of Subordinated Lender Pro Rata Claim**") and the Notice of Dispute – Subordinated Lender Pro Rata Claim substantially in the form attached hereto as Schedule "G" (the "**Notice of Dispute – Subordinated Lender Pro Rata Claim**"), the Master Ballot substantially in the form attached hereto as Schedule "H" and as may be amended with the consent of the Monitor (the "**Master Ballot**"), the Beneficial Owner Ballot substantially in the form attached hereto as Schedule "I" and as may be amended with the consent of the Monitor (the "**Beneficial Owner Ballot**") are each hereby approved and the LP Entities are authorized and directed to make such changes as they consider necessary or desirable to conform the content thereof to the terms of the Plan or this Creditors' Meeting Order or to describe the Plan.

#### **NOTICE TO AFFECTED CREDITORS**

5. **THIS COURT ORDERS** that the Monitor shall send by regular pre-paid mail, courier, fax or e-mail copies of the Notice to Affected Creditors:

- (a) to each Affected Creditor that has a claim that has been proven (a "**Proven Claim**") pursuant to the Amended Claims Procedure Order or a Disputed Claim (as defined herein) (other than the LP Subordinated Lenders), any creditor with an LP Restructuring Period Claim, an Employee Claim or an LP Director/Officer Claim, the Nominees (as defined below) and the Beneficial Owners (as defined below) on or before May 20, 2010 to the address provided by each such Affected Creditor in its Proof of Claim or to such other address subsequently provided to the Monitor by such Affected Creditor; and
- (b) to the Subordinated Agent on or before May 20, 2010, for itself and on behalf of the LP Subordinated Lenders, who shall post a copy of the Meeting Materials (as defined herein) to the LP Subordinated Lenders' Website (as defined herein) within three (3) Business Days of the granting of this Creditors' Meeting Order; and
- (c) to the Trustees on or before May 20, 2010;

and shall on or before May 20, 2010 post electronic copies of the Plan, the Creditors' Meeting Order, the Instructions to Affected Creditors and blank copies of the Cash Election Form, a Declaration as to Canadian Residency and a form of Proxy (collectively, the "**Meeting Materials**") and any other documents contained in the Solicitation Package (as defined below) that are not included in the Meeting Materials on the Monitor's website maintained for this proceeding at: <http://cfcanada.fticonsulting.com/clp> until the Business Day following the Plan Implementation Date and shall provide written copies to Affected Creditors upon request by such Affected Creditors.

6. **THIS COURT ORDERS** that, notwithstanding anything to the contrary in the preceding paragraph, the Meeting Materials delivered to Affected Creditors with claims of less than or equal to \$1,000 shall not include a Cash Election Form, a Declaration as to Canadian Residency or a form of Proxy.

7. **THIS COURT ORDERS** that the record date for the purposes of determining which individual LP Subordinated Lenders or Beneficial Owners (as these terms are defined below) are entitled to receive notice of the Creditors' Meeting and vote at the Creditors' Meeting (the "**Record Date**") shall be May 18, 2010.

8. **THIS COURT ORDERS** that the Monitor shall promptly after the date of this Order cause the Notice to Affected Creditors to be published for a period of two (2) Business Days in the *National Post*, *The Globe & Mail* (National Edition), *La Presse* and *The Wall Street Journal*.

9. **THIS COURT ORDERS** that the service of the Notice to Affected Creditors in the manner set out in the paragraphs 5, 10 and 11 hereof, publication of the Notice to Creditors in accordance with paragraph 8 hereof, delivery of the Solicitation Packages in the manner set out in paragraph 14 hereof, and posting of the Meeting Materials and other materials on the Website in accordance with paragraph 5 hereof shall constitute good and sufficient service of this Creditors' Meeting Order and of the Plan, and good and sufficient notice of the Creditors' Meeting on all Persons who may be entitled to receive notice thereof or of these proceedings or who may wish to be present in person or by proxy at the Creditors' Meeting or who may wish to appear in these proceedings, and no other form of notice or service need be made on such

Persons, and no other document or material need be served on such Persons in respect of these proceedings.

10. **THIS COURT ORDERS** that the Monitor shall deliver a copy of the Notice to Affected Creditors to any creditor with an LP Restructuring Period Claim, an Employee Claim or an LP Director/Officer Claim arising after the date of this Order that requests delivery of an LP Claims Package or such Meeting Materials, provided that the Monitor shall not be required to deliver such Notice to Affected Creditors if the claim of such creditor is barred by operation of the Amended Claims Procedure Order or received after the date of the Creditors' Meeting, as applicable.

### **SUBORDINATED LENDERS' CLAIMS PROCESS**

11. **THIS COURT ORDERS** that for the purposes of voting and distribution under the Plan, the amounts of the *pro rata* claims of the individual LP Subordinated Lenders (the "**LP Subordinated Lender Claims**"), which claims shall include amounts in respect of principal and interest owing as at January 8, 2010, shall be determined in the following manner (the "**LP Subordinated Lenders' Claims Process**"):

- (a) No later than 5:00 p.m. (Toronto time) on May 20, 2010 The Bank of Nova Scotia in its capacity as administrative agent under the senior subordinated credit agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership, the Subordinated Agent, the LP Subordinated Lenders, and CanWest MediaWorks (Canada) Inc., CanWest MediaWorks Publications Inc. and Canwest Books Inc., as guarantors (the "**LP Senior Subordinated Credit Agreement**"), or such other agent as may be appointed pursuant to the LP Senior Subordinated Credit Agreement (the "**LP Subordinated Agent**"), on behalf of the LP Subordinated Lenders, shall send to the LP Entities (with a copy to the Monitor):
  - (i) The Notice of LP Subordinated Lender Pro Rata Claims attached as Schedule "F" hereto, setting out based upon its records each LP Subordinated Lender's *pro rata* share of the principal amount of the LP Subordinated Lender Claims as at the Filing Date; and

- (ii) concurrently with the delivery of the Notice of LP Subordinated Lender Pro Rata Claims to the LP Entities, the LP Subordinated Agent shall post a copy of the Notice of LP Subordinated Lender Pro Rata Claims to one of the IntraLinks websites (the “**LP Subordinated Lenders’ Website**”) maintained by the LP Subordinated Agent for the benefit of the LP Subordinated Lenders.
- (b) Each of the LP Subordinated Lenders holding LP Subordinated Lender Claims shall no later than 5:00 p.m. (Toronto time) on May 27, 2010 advise the Monitor (with a copy to the Agent) whether such LP Subordinated Lender’s *pro rata* share of the principal amount of the LP Subordinated Lender Claims set out in the Notice of LP Subordinated Lender Pro Rata Claims is not accurate by sending a Notice of Dispute – LP Subordinated Lender Pro Rata Claims substantially in the form attached hereto as Schedule “G”. If an LP Subordinated Lender fails to file a Notice of Dispute – LP Subordinated Lender Pro Rata Claims before 5:00 p.m. (Toronto time) on May 27, 2010 then such LP Subordinated Lender shall be deemed to have confirmed its *pro rata* share of the LP Subordinated Lender Claims as set out in the Notice of LP Subordinated Lender Pro Rata Claims is accurate.
- (c) If the principal amount of a LP Subordinated Lender’s LP Subordinated Lender Claim is confirmed by such LP Subordinated Lender pursuant to paragraph 11(b) then the amount designated in the Notice of LP Subordinated Lender Pro Rata Claims to be such LP Subordinated Lender’s *pro rata* share of the Subordinated Lender Claims shall be deemed to be finally determined (“**Finally Determined**”) and accepted as the Proven Claim of such LP Subordinated Lender for the purposes of voting and for calculating the entitlement to distribution under the Plan in respect of the LP Subordinated Lender Claims.
- (d) If a Notice of Dispute – LP Subordinated Lender Pro Rata Claims is delivered pursuant to paragraph 11(b), then the applicable LP Subordinated Lender, the Monitor, the LP Entities and the LP Subordinated Agent shall no later than 5:00 p.m. (Toronto time) on June 3, 2010 reach an agreement in writing as to the

principal amount of the LP Subordinated Lender Claim that is subject to the Notice of Dispute - LP Subordinated Lender Pro Rata Claims, in which case such agreement shall govern and the principal amount of such LP Subordinated Lender Claim as agreed shall be deemed to be Finally Determined and accepted as the LP Subordinated Lender's Proven Claim for the purposes of voting and for calculating the entitlement to distributions under the Plan in respect of the LP Subordinated Lender Claims.

- (e) If a Notice of Dispute – LP Subordinated Lender Pro Rata Claims is unable to be resolved in the manner and within the time period set out in paragraph 11(d) 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 “**LP Subordinated Lender Dispute Motion**”) on notice to all interested parties. The Monitor and the Disputing Claimant shall each use reasonable efforts to have the LP Subordinated Lender 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.
- (f) If the amount of an LP Subordinated Lender Claim held by an LP Subordinated Lender is the subject of a Notice of Dispute – LP Subordinated Lender Pro Rata Claims and is not Finally Determined on or before June 7, 2010, or three days prior to the adjournment of any Creditor's Meeting, then for the purposes of voting, such an LP Subordinated Lender shall be deemed to have an accepted LP Subordinated Lender Claim for voting purposes (an “**Accepted LP Subordinated Lender Voting Claim**”) equal to the amount of its *pro rata* share of the LP Subordinated Lender Claims set out in the Notice of LP Subordinated Lender Pro Rata Claims.
- (g) The amount of accrued interest owing to the LP Subordinated Lenders as Finally Determined pursuant to the terms of the Amended Claims Procedure Order will be attributed to the individual LP Subordinated Lender on a *pro rata* basis for the purposes of each ~~Beneficial Owner's Claim~~ <sup>LP Subordinated Lender's Claim</sup> <sup>as determined pursuant to this Order</sup>.

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For greater certainty, the LP Subordinated Lenders shall deliver proxies and otherwise vote in the same manner as other Affected Creditors pursuant to the terms of this Order.

12. **THIS COURT ORDERS** that any LP Subordinated Lender who asserts that its LP Subordinated Lender Claim as at the Filing Date includes a claim or claims for amounts in addition to a claim for principal and interest owing at the filing date (an “**Additional LP Subordinated Lender Claim**”), shall notify the Monitor (with a copy to the LP Subordinated Agent and the LP Entities), of such Additional LP Subordinated Lender Claim and the amount of such Additional LP Subordinated Lender Claim no later than 5:00 p.m. (Toronto time) on May 27, 2010. If no such notice is received by the Monitor before 5:00 p.m. (Toronto time) on May 27, 2010, such LP Subordinated Lender’s Additional LP Subordinated Lender Claim shall be and is hereby forever extinguished and barred.

13. **THIS COURT ORDERS** that the LP Subordinated Agent shall post a copy of this Creditors’ Meeting Order on the LP Subordinated Lenders’ Website within three (3) Business Days of the making of this Order.

#### **LP NOTEHOLDERS’ CLAIMS AND VOTING**

14. **THIS COURT ORDERS** that on or before May 20, 2010, the LP Entities shall provide to Broadridge Financial Solutions Inc. (“**Broadridge**”) copies of the Information Circular, the Plan, the Creditors’ Meeting Order, a Declaration as to Canadian Residency and the Beneficial Owner Ballot (collectively, the “**Solicitation Package**”) for distribution to the holders of beneficial interest in the LP Notes (the “**Beneficial Owners**”).

15. **THIS COURT ORDERS** that Beneficial Owners may vote either by completing the voting instruction form (“**VIF**”) provided by Broadridge or submitting a Beneficial Owner Ballot.

16. **THIS COURT ORDERS** that each Beneficial Owner that wishes to vote by submitting a Beneficial Owner Ballot shall complete the voting section of the Beneficial Owner Ballot (in accordance with the instructions attached thereto) and return the completed Beneficial Owner Ballot to either an intermediary (an “**Intermediary**”) or, in instances where the Beneficial Owners hold their beneficial interests in the LP Notes directly through a participant that holds interest in the LP Notes (a “**Participant**”), the Participant (the Intermediary and the

Participants in each such case, the “Nominee”). The Nominee or its agent shall complete the Beneficial Owner Ballot with respect to those Beneficial Owners that hold beneficial interest in the LP Notes through such Nominee by indicating on each such Beneficial Owner Ballot the following information:

- (a) the name of the beneficial holder;
- (b) the name of the registered holder;
- (c) the principal amount of securities held by the Nominee for the Beneficial Owner;  
and
- (d) the account number(s) for the account(s) in which such securities are held by the Nominee.

17. **THIS COURTS ORDERS** that upon receipt of each Beneficial Owner Ballot, the Nominee shall notify Broadridge that such Beneficial Owner Ballot has been delivered, and Broadridge shall remove such Beneficial Holder’s name from the list of Beneficial Holders eligible to vote through Broadridge.

18. **THIS COURT ORDERS** that the Nominee or its agent shall transfer the information contained in the Beneficial Owner Ballots (including whether the Beneficial Owner voted in favour of or against the Plan) and the VIFs to a Master Ballot (substantially in the form of the Master Ballot) and return the Master Ballot by courier, fax or e-mail to the Monitor.

19. **THIS COURT ORDERS** that the amount of accrued interest owing on the LP Notes as determined pursuant to the terms of the Amended Claims Procedure Order will be attributed to the individual Beneficial Owners on a pro rata basis for the purposes of each Beneficial Owner’s Voting Claim.

20. **THIS COURT ORDERS** that for the purposes of voting at the Creditors’ Meeting, the votes recorded on the Master Ballots shall be accepted as if voted in person by the Beneficial Owners at the Creditors’ Meeting.

21. **THIS COURT ORDERS** that a Beneficial Owner’s vote will not be counted at the Creditors’ Meeting unless a Master Ballot reflecting such Beneficial Owner’s vote is

received before 5:00 p.m. (Toronto time) on June 9, 2010, or such later time as may be agreed to by the Monitor.

22. **THIS COURT ORDERS** that the aggregate quantum of LP Noteholder Claims owing under the Indenture pursuant to which the LP Notes were issued as determined pursuant to the terms of the Amended Claims Procedure Order is hereby accepted for the purposes of receiving distributions under the Plan.

23. **THIS COURT ORDERS** that, for the purposes of calculating LP Noteholder Claims for voting and distribution purposes, LP Noteholder 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, being CDN \$1.0344 : US \$ 1.00.

#### **DELIVERY OF PROXIES TO THE MONITOR**

24. **THIS COURT ORDERS** that:

- (a) any Proxy in respect of the Creditors' Meeting (or any adjournment thereof) must be received by the Monitor by 5:00 p.m. (Toronto time) on June 7, 2010, or three (3) Business Days prior to any adjournment of the Creditors' Meeting; and
- (b) any Master Ballot in respect of the Creditors' Meeting (or any adjournment thereof) must be received by the Monitor by 5:00 p.m. (Toronto time) on June 9, 2010, or one (1) Business Days prior to any adjournment of the Creditors' Meeting.

25. **THIS COURT ORDERS** that the Monitor may in its discretion waive in writing the time limits imposed on the Affected Creditors as set out in this Creditors' Meeting Order and the Instructions to Affected Creditors for the deposit of proxies and all other procedural matters if the Monitor deems it advisable to do so (without prejudice to the requirement that all of the LP Entities' other Affected Creditors must comply with this Creditors' Meeting Order and the other procedures set out in the Instructions to Affected Creditors).



## CONDUCT AT THE CREDITORS' MEETING

26. **THIS COURT ORDERS** that for the purposes of voting to approve the Plan (a) there shall be one class of Creditors established in the Plan, the “**Unsecured Creditors’ Class**” comprised of Affected Creditors, and (b) the value of the Voting Claims of each of the Affected Creditors shall be established in accordance with the provisions of this Creditors’ Meeting Order, the Amended Claims Procedure Order, the Plan and any further order of this Honourable Court.

27. **THIS COURT ORDERS** that the LP Entities are hereby authorized to call, hold and conduct the Creditors’ Meeting on June 10, 2010 at Toronto, Ontario at the time and place set out in the Notice to Affected Creditors for the purpose of considering, and if deemed advisable by the Affected Creditors, voting in favour of, with or without variation, resolutions to approve the Plan.

28. **THIS COURT ORDERS** that the Creditors’ Meeting shall be called, held and conducted, and the Plan shall be voted upon and, if approved by the Affected Creditors, ratified and given full force and effect, in accordance with the provisions of this Creditors’ Meeting Order, the Amended Claims Procedure Order, the Plan, the CCAA and any further order of this Honourable Court.

29. **THIS COURT ORDERS** that a representative of the Monitor, designated by the Monitor, shall preside as the chair (the “**Chair**”) of the Creditors’ Meeting and, subject to this Creditors’ Meeting Order and any further order of this Honourable Court, shall decide all matters relating to the conduct of the Creditors’ Meeting.

30. **THIS COURT ORDERS** that the Chair shall direct a vote with respect to a resolution to approve the Plan and any amendments thereto as the LP Entities may consider appropriate.

31. **THIS COURT ORDERS** that the Chair is hereby authorized to accept and rely upon proxies and ballots substantially in the form attached hereto as Schedule “C” and Schedule “H”, or such other form as is acceptable to the Chair.

32. **THIS COURT ORDERS** that the quorum required at the Creditors’ Meeting shall be one (1) Affected Creditor present at such meeting in person or by proxy.

33. **THIS COURT ORDERS** that the Monitor may appoint scrutineers (the “**Scrutineers**”) for the supervision and tabulation of the attendance at, quorum at and votes cast at the Creditors’ Meeting. A Person designated by the Monitor shall act as secretary at the Creditors’ Meeting.

34. **THIS COURT ORDERS** that if (a) the requisite quorum is not present at the Creditors’ Meeting, or (b) the Creditors’ Meeting is postponed by the vote of the majority in value of Voting Claims of the Affected Creditors present in person or by proxy, then the Creditors’ Meeting shall be adjourned by the Chair to a date thereafter and to such time and place as may be appointed by the Chair.

35. **THIS COURT ORDERS** that the Creditors’ Meeting need not be convened in order to be adjourned and that the Chair shall be entitled to adjourn and further adjourn the Creditors’ Meeting at the Creditors’ Meeting or any adjourned Creditors’ Meeting provided that any such adjournment or adjournments shall be for a period of not more than thirty (30) days in total and, in the event of any such adjournment, the LP Entities shall not be required to deliver any notice of adjournment of the Creditors’ Meeting or adjourned Creditors’ Meeting other than announcing the adjournment at the Creditors’ Meeting or posting notice at the originally designated time and location of the Creditors’ Meeting or adjourned Creditors’ Meeting.

36. **THIS COURT ORDERS** that the only Persons entitled to notice of or to attend the Creditors’ Meeting are the Monitor; those Persons, including the holders of proxies, entitled to vote at the Creditors’ Meeting and their legal counsel and advisors; the directors, officers, LP Entities and their respective legal counsel and advisors; Holdco, the Purchaser and their respective legal counsel and advisors; and the Scrutineers Any other Person may be admitted to the Creditors’ Meeting on invitation of the Chair.

#### **VOTING PROCEDURE**

37. **THIS COURT ORDERS** that the Chair shall direct a vote on a resolution to approve the Plan and any amendments thereto as the Monitor and the LP Entities may consider appropriate. All votes made pursuant to Master Ballots shall be deemed to be votes for or against such resolution, as applicable and as set out in the relevant Master Ballots.

38. **THIS COURT ORDERS** that only Affected Creditors or their proxies shall be entitled to vote at the Creditors' Meeting and that the holders of such proxies are entitled to rely on the proxies as valid.

39. **THIS COURT ORDERS** that in accordance with the terms of the Plan, each of the Affected Creditors entitled to vote on the Plan is entitled to one vote, which vote shall:

- (a) for Affected Creditors with Proven Claims, have a Voting Claim equivalent to the value of such Affected Creditors' Proven Claim (for greater certainty, Affected Creditors with Proven Claims of greater than \$1,000 that have opted to take the Cash Election will have Voting Claims equivalent to the full value of their Affected Creditors' Proven Claims);
- (b) for Affected Creditors (other than LP Subordinated Lenders, LP Noteholders and Beneficial Owners) with disputed claims to whom the Monitor has delivered a LP Notice of Revision or Disallowance and which revision or disallowance remains in dispute or under appeal in accordance with the Amended Claims Procedure Order or whose Claims are not otherwise Finally Determined (a "**Disputed Claim**"), have a Voting Claim equivalent to the value of the Voting Claim as determined pursuant to paragraph 31 of the Amended Claims Procedure Order;
- (c) for LP Subordinated Lenders with Disputed Claims that have not been Finally Determined on or before the second Business Day immediately prior to the day of the Creditors' Meeting, have a Voting Claim equivalent to the value of the Voting Claim as determined pursuant to paragraph 11(f) of this Order; and
- (d) for LP Noteholders or Beneficial Owners, as applicable, with Disputed LP Noteholder Claims that have not been Finally Determined on or before the second Business Day immediately prior to the day of the Creditors' Meeting, have a Voting Claim equivalent to the value of the Beneficial Owner's Claim as set out in the applicable Master Ballot.

40. **THIS COURT ORDERS** that Affected Creditors with claims of less than or equal to \$1,000 or that that have opted to take the Cash Election pursuant to the Plan shall be deemed to have voted in favour of the Plan.

41. **THIS COURT ORDERS** that (i) the vote on the Plan shall be decided by a majority in number of the Affected Creditors holding Voting Claims representing a two-thirds majority in value of the Voting Claims present and voting at the Creditors' Meeting in person or by proxy (the "**Required Majority**") and (ii) for the purpose of counting the number of Affected Creditors voting in favour of or against the Plan, each Beneficial Owner shall be deemed to be an Affected Creditor.

42. **THIS COURT ORDERS** that Affected Creditors with Disputed Claims shall have their voting intentions with respect to such amounts recorded by the Monitor and reported to this Honourable Court in accordance with paragraph 39 hereof. If approval or non-approval of the Plan by the Affected Creditors shall prove to be determined by the votes cast in respect of Disputed Claims, the LP Entities and the Monitor, on notice to the service list, shall request this Honourable Court for directions and if necessary, appropriate deferral of the motion for the Sanction and Vesting Orders and any other applicable dates.

43. **THIS COURT ORDERS** that following the vote at the Creditors' Meeting, the Monitor shall tally the votes and determine whether the Plan has been accepted by the Required Majority.

44. **THIS COURT ORDERS** that the result of any vote at the Creditors' Meeting shall be binding on all Affected Creditors, including Beneficial Owners, whether or not any such Affected Creditor is present at the Creditors' Meeting.

#### **MISCELLANEOUS**

45. **THIS COURT ORDERS** that any Affected Creditor with a Proven Claim greater than \$1,000 that wishes to receive the Cash Elected Amount in respect of such Proven Claim shall provide an executed Cash Election Form to the Monitor by no later than the later of 5 p.m. (Toronto time) on June 7, 2010 or three (3) Business Days prior to the Creditors' Meeting.

46. **THIS COURT ORDERS** that any Affected Creditor with a Proven Claim greater than \$1,000 that does not wish to receive the Cash Elected Amount in respect of such Proven Claim, or that does not provide the Cash Election Form to the Monitor by the time set out in paragraph, shall provide a completed Declaration as to Canadian Residency to the Monitor by no later than ten (10) days prior to the Plan Sanction Date.

## SANCTION HEARING

47. **THIS COURT ORDERS** that the Monitor shall provide a report to this Honourable Court no later than two (2) Business Days after the Creditors' Meeting (the "**Monitor's Report Regarding the Creditors' Meeting**") with respect to:

- (a) the results of the voting at the Creditors' Meeting on the resolution to approve the Plan;
- (b) whether the Required Majority has approved the Plan; and
- (c) the effect on the results of the voting had all of the Affected Creditors with Disputed Claims (including, for greater certainty, LP Subordinated Lenders and LP Noteholders) also voted the full amount of their Disputed Claims.

48. **THIS COURT ORDERS** that an electronic copy of the Monitor's Report Regarding the Creditor's Meeting, including any amendments and variations thereto, and draft sanction and vesting orders in respect of the Plan shall be posted on the Website prior to the CCAA Sanction Motion (as defined hereof).

49. **THIS COURT ORDERS** that in the event that the Plan has been approved by the Required Majority, the LP Entities may bring a motion before this Honourable Court on June 18, 2010, or such later date as is set by this Honourable Court upon motion by the LP Entities, seeking a sanctioning of the Plan pursuant to the CCAA (the "**CCAA Sanction Motion**").

50. **THIS COURT ORDERS** that service of this Creditors' Meeting Order by the Monitor to the parties on the service list, service of this Creditors' Meeting Order in accordance with paragraph 5 hereof, the publication of the Notice to Affected Creditors in accordance with paragraph 8 hereof, the posting of the Meeting Materials on the Website in accordance with paragraph 5 hereof, the mailing to Affected Creditors of the Meeting Materials in accordance with the requirements of this Creditors' Meeting Order and the mailing of the Solicitation Packages to the Beneficial Owners in accordance with paragraph 14 hereof shall constitute good and sufficient service of notice of the CCAA Sanction Motion on all Persons entitled to receive such service and no other form of notice or service need be made and no other materials need be served in respect of the CCAA Sanction Motion, except that the LP Entities shall serve the

service list with any additional materials to be used in support of the CCAA Sanction Motion and, with the consent of the Monitor and if necessary to expedite the closing of the contemplated transaction, such service on the service list of additional materials to be used in support of the CCAA Sanction Motion may be made on less than four (4) days' notice.

51. **THIS COURT ORDERS** that any party who wishes to oppose the CCAA Sanction Motion shall serve on the service list a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the CCAA Sanction Motion at least two (2) Business Days before the date set for the CCAA Sanction Motion, or such shorter time as this Honourable Court, by order, may allow.

52. **THIS COURT ORDERS** that in the event that the CCAA Sanction Motion is adjourned, only those Persons who have filed and served a Notice of Appearance shall be served with notice of the adjourned date.

53. **THIS COURT ORDERS** that subject to any further order of this Honourable Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Creditors' Meeting Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Creditors' Meeting Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

#### **ASSISTANCE OF OTHER COURTS**

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

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

MAY 18 2010

PER / PAR: 





**SCHEDULE "A"**

**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 PUBLICATIONS INC./PUBLICATIONS CANWEST INC., CANWEST  
BOOKS INC., and CANWEST (CANADA) INC. (collectively, the "APPLICANTS")**

**NOTICE TO AFFECTED CREDITORS OF THE APPLICANTS and  
CANWEST LIMITED PARTNERSHIP / CANWEST SOCIETE EN COMMANDITE  
(collectively, the "LP ENTITIES")**

**NOTICE IS HEREBY GIVEN** that Canwest Publications Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. and Canwest Limited Partnership / Canwest Societe en Commandite (collectively, the "**LP Entities**") have filed with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") a plan of compromise and arrangement dated ● , 2010 (as amended from time to time, the "**Plan**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**").

The Plan contemplates the compromise of rights and claims of certain creditors of the LP Entities (as defined in the Plan, the "**Affected Creditors**"). Affected Claims (as that term is defined in the Plan) of Affected Creditors constitute one (1) class as established in the Plan, (the "**Affected Creditors' Class**").

**NOTICE IS ALSO HEREBY GIVEN** that a meeting of the Affected Creditors (the "**Creditors' Meeting**") will be held at [location●], on June 10, 2010 beginning at [10 o'clock a.m.] (Toronto time), for the purpose of considering and, if thought advisable by Affected Creditors, voting in favour of, with or without variation, a resolution to approve the Plan and to transact such other business as may properly come before the Creditors' Meeting or any adjournment thereof. The Creditors' Meeting is being held pursuant to an Order of the Court made on May 17, 2010 by the Honourable Madam Justice Pepall (the "**Creditors' Meeting Order**").

The quorum for the Creditors' Meeting has been set by the Creditors' Meeting Order as the presence, in person or by proxy, at the Creditors' meeting of one (1) Affected Creditor.

To become effective, in respect of the Affected Creditors' Class, the Plan must be approved by a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims (as defined in the Plan) of the Affected Creditors who actually vote on the resolution approving the Plan (in person or by proxy) at the Creditors' Meeting. The Plan must also be sanctioned by a final order of the Court under the CCAA.

**NOTICE IS ALSO HEREBY GIVEN** that the order sanctioning the Plan will be sought in a motion to be brought by the LP Entities on June 18, 2010, or such later date as is set by the Court, which date shall also be posted on the website of the court-appointed Monitor as set out below. At that time, the LP Entities will also seek the other relief specified in the Plan. Subjected to the satisfaction of the conditions to implementation of the Plan, all Affected Claims of



Affected Creditors will then receive the treatment set out in the Plan unless otherwise ordered by the Court.

The value of each Affected Claim for voting purposes has or will be determined according to the Creditors' Meeting Order, the Claims Procedure, the Plan, the CCAA and any further order of the Court.

Any Affected Creditor who is entitled to vote at the Creditors' Meeting but is unable to attend the Creditors' Meeting is requested to date, sign and return the enclosed form of proxy by courier, e-mail or fax. In order to be used at the Creditors' Meeting, a proxy must be deposited with Monitor, at the address below, at any time prior to 5:00 o'clock p.m. (Eastern time) on June 7, 2010 or 5:00 o'clock p.m. three business days in advance of any adjournment of the Creditors' Meeting.

The Monitor's address for the purpose of filing forms of proxy and for obtaining any additional information or materials related to the Creditors' Meeting is:

FTI Consulting Canada Inc., Court-Appointed Monitor of the LP Entities  
79 Wellington Street West  
Suite 2010, P.O Box 104  
Toronto, Ontario, M5K 1GA

Attention: Pamela Luthra  
Tel: (888) 310-7627  
Fax: (416) 649-8101

CanwestLP@fticonsulting.com

This notice is given by the LP Entities pursuant to the Creditors' Meeting Order.

You may view copies of the documents relating to this process on the Monitor's website at <http://cfcanda.fticonsulting.com/clp>.

Capitalized terms not otherwise defined hereof shall have the meanings ascribed thereto in the Plan.

**DATED** this ● day of ● , 2010.

## **SCHEDULE "B"**

**CANWEST PUBLICATIONS INC./PUBLICATIONS, CANWEST INC., CANWEST BOOKS INC., CANWEST (CANADA) INC., and CANWEST LIMITED PARTNERSHIP / CANWEST SOCIETE EN COMMANDITE (hereinafter referred to as the "LP Entities")**

### **INSTRUCTIONS TO AFFECTED CREDITORS**

May ●, 2010

**TO: AFFECTED CREDITORS OF THE LP ENTITIES**

**RE: Meeting of Affected Creditors of the LP Entities to consider and vote on a resolution to approve the LP Entities' Plan of Compromise and Arrangement pursuant to the Companies' Creditors Arrangement Act (Canada) (the "Plan")**

We enclose in this package the following documents for your review and consideration:

1. Notice to Affected Creditors;
2. a blank form of Proxy and completion instructions;
3. a blank Cash Election Form; and
4. a blank Declaration as to Canadian Residency.

The following documents should also be reviewed and can be accessed through the website maintained by the Monitor at: <http://cfcanada.fticonsulting.com/clp>

1. the Plan proposed by the LP Entities;
2. the Monitor's Report regarding the Creditors' Meeting; and
3. a copy of the Creditors' Meeting Order.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

The purpose of these materials is to provide you with the documents required to facilitate the determination and settlement of your Affected Claims, and to enable you to consider the Plan and vote to accept or reject the Plan at the meeting of Affected Creditors to be held at [10:00 a.m.] on June 10, 2010 at the offices of ● (the "Creditors' Meeting").

## **PROXY**

If an Affected Creditor wishes to vote at the Creditors' Meeting and is not an individual or is an individual who will not be attending the Creditors' Meeting in person, please complete the enclosed Proxy and provide it to the Monitor by courier, fax or e-mail so that it is received by the Monitor no later than 5:00 p.m. (Toronto time) on June 7, 2010. You are required to provide the Proxy to the Monitor by this deadline or in the event of an adjournment, three business days prior to such adjournment, if you wish to appoint a proxy to cast your vote at the Creditors' Meeting. However, your failure to vote at the Creditors' Meeting will not affect any right you have to receive any distribution that may be made to Affected Creditors under the Plan.

## **FURTHER INFORMATION**

If you have any questions regarding the process or any of the enclosed forms, please contact FTI Consulting Canada Inc. at the following address:

FTI Consulting Canada Inc., Court-Appointed Monitor of the LP Entities  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario, M5K 1G4

Attention: Pamela Luthra  
Tel: (888) 310-7627  
Fax: (416) 649-8101

[CanwestLP@fticonsulting.com](mailto:CanwestLP@fticonsulting.com)

You may view copies of the documents relating to this process on the Monitor's website at <http://cfcanada.fticonsulting.com/clp>.

**SCHEDULE "C"**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**APPLICANTS**

**PROXY**

**MEETING OF AFFECTED CREDITORS OF THE APPLICANTS AND CANWEST  
LIMITED PARTNERSHIP / CANWEST SOCIETE EN COMMANDITE  
(collectively, the "LP ENTITIES")**

to be held pursuant to an Order of the Ontario Superior Court of Justice (Commercial List)  
in connection with the LP Entities' Plan of Compromise and Arrangement  
under the *Companies' Creditors Arrangement Act* (Canada) (the "Plan")

on June 10, 2010 at 10:00 a.m. at:

and at any adjournment thereof.

*Before completing this Proxy, please read carefully the Instructions for Completion of Proxy accompanying this Proxy for information respecting the proper completion and return of this Proxy.*

**THIS PROXY MUST BE COMPLETED AND SIGNED BY THE AFFECTED CREDITOR AND RETURNED TO THE MONITOR FTI CONSULTING CANADA INC. BY 5:00P.M. (TORONTO TIME) ON JUNE 7, 2010 OR THREE BUSINESS DAYS PRIOR TO ANY ADJOURNMENT THERETO IF THE AFFECTED CREDITOR OR ANY OTHER PERSON ON THE AFFECTED CREDITOR'S BEHALF IS TO ATTEND THE MEETING AND VOTE ON THE PLAN OR IF SUCH AFFECTED CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS SUCH AFFECTED CREDITOR'S PROXY.**

**THE UNDERSIGNED AFFECTED CREDITOR**, hereby revokes all proxies previously given and nominates, constitutes, and appoints \_\_\_\_\_ or, if no person is named, Paul Bishop of FTI Consulting Canada Inc., in its capacity as Monitor of the LP Entities, or such representative of the Monitor as the Monitor may designate as nominee of the undersigned Affected Creditor, with full power of substitution, to attend on behalf of and act for the undersigned Affected Creditor at the meeting of Affected Creditors of the LP Entities to be held in connection with the Plan and at any and all adjournments thereof, and to vote the amount of the Affected Creditor's claim for voting purposes as determined pursuant to the Creditors' Meeting Order, the Claims Procedure, the Plan, the CCAA and any further order of the Court as follows:

A. **(mark one only):**

- VOTE FOR approval of the Plan; or
- VOTE AGAINST approval of the Plan

- and -

- B. vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Affected Creditor with respect to any amendments or variations to the Plan and to any other matters that may come before the meeting of Affected Creditors of the LP Entities or any adjournment thereof.

**Dated at** \_\_\_\_\_ **this** \_\_\_\_ **day of** \_\_\_\_\_, 2010.

**Affected Creditor Signature:**

\_\_\_\_\_  
(Print Legal Name of Affected Creditor)

\_\_\_\_\_  
(Signature of Affected Creditor or Authorized Signing Officer of Affected Creditor)

\_\_\_\_\_  
(Print Name and Title of Authorized Signing Officer of the Affected Creditor, if applicable)

\_\_\_\_\_  
(Mailing Address of Affected Creditor)

\_\_\_\_\_  
(Phone Number of Affected Creditor)

### INSTRUCTIONS FOR COMPLETION OF PROXY

1. Each Affected Creditor who has a right to vote at the Creditors' Meeting has the right to appoint a person (who need not be an Affected Creditor) to attend, act and vote for and on his or her behalf and such right may be exercised by inserting in the space provided the name of the person to be appointed. **If no name has been inserted in the space provided, the Affected Creditor will be deemed to have appointed Paul Bishop of the Monitor (or such other representative of the Monitor as the Monitor may designate) as the Affected Creditor's proxyholder.**
2. **If an officer of FTI Consulting Canada Inc. is appointed or is deemed to be appointed as proxyholder and the Affected Creditor fails to indicate a vote for or against the approval of the Plan on this proxy, this proxy will be voted FOR approval of the Plan.**
3. If this proxy is not dated in the space provided, it shall be deemed to bear the date on which it was received by the Monitor.
4. This proxy must be signed by the Affected Creditor or by his or her attorney duly authorized in writing or, where the Affected Creditor is a corporation, by a duly authorized officer or attorney of the corporation with an indication of the title of such officer or attorney.
5. Valid proxies bearing or deemed to be bearing a later date shall revoke this proxy. In the event that more than one valid proxy for the same Affected Creditor and bearing or deemed to be bearing the same date is received with conflicting instructions, such proxies will be treated as disputed proxies and shall not be counted.
6. **This proxy must be received by the Monitor by no later than 5:00 p.m. (Toronto Time) June 7, 2010, by delivery, courier, facsimile or e-mail at the following address:**

FTI Consulting Canada Inc.  
Court Appointed Monitor of the LP Entities  
79 Wellington Street West  
Suite 2010, P.O Box 104  
Toronto, Ontario, M5K 1G4

Attention: Pamela Luthra  
Telephone: (888) 310-7627  
Fax: (416) 649-8101  
CanwestLP@fticonsulting.com

**SCHEDULE "D"**  
**CASH ELECTION FORM**

**TO: FTI CONSULTING CANADA INC., Monitor of Canwest Publications Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. and Canwest Limited Partnership / Canwest Societe en Commandite (collectively, the "LP Entities")**

In connection with the plan of compromise and reorganization of the LP Entities pursuant to the *Companies' Creditors Arrangement Act* (the "**Plan**"), the undersigned hereby elects to receive the Cash Elected Amount in satisfaction of its Proven Claim(s) and hereby acknowledges that they shall be deemed to vote such Proven Claim(s) in favour of the Plan at the meeting of the Affected Creditors to be held at ●, on June 10, 2010 beginning at **[10 o'clock a.m.]** (Toronto time), for the purpose of considering and, if thought advisable by Affected Creditors, voting in favour of, with or without variation, a resolution to approve the Plan.

For the purposes of this declaration:

- (a) "**Cash Elected Amount**" means, in respect of any Proven Claim of an Affected Creditor (as defined in the Plan), a cash amount equal to the lesser of \$1,000 and the amount of such Proven Claim; and
- (b) "**Proven Claim**" means any Claim of an Affected Creditor (each as defined in the Plan) against the LP Entities proven in accordance with the Claims Procedure Order (as defined in the Plan).

DATED the                      day of                      2010.

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(Print Legal Name of Affected Creditor)

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(Amount of Proven Claim)

---

(Print Name, Title and Phone Number of Authorized Signatory)

---

(Signature)

**SCHEDULE "E"**  
**DECLARATION AS TO CANADIAN RESIDENCY**

**CANADIAN RESIDENCY DECLARATION**

**TO:** 7535538 Canada Inc. (the "Corporation")

**AND TO:** FTI Consulting Canada Inc.

In connection with the plan of compromise and arrangement of Canwest (Canada) Inc., Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc. and Canwest Limited Partnership/Canwest Societe en Commandite pursuant to the *Companies' Creditors Arrangement Act* (the "Plan") and the issue of voting common shares in the capital of the Corporation (the "Voting Common Shares) as part of the Plan, the undersigned, being the person in whose name the Voting Common Shares are to be registered upon giving effect to the Plan, hereby DECLARES that:

**I.** The beneficial owner of Voting Common Shares received under the Plan will be:

- the undersigned , OR
- if other than the undersigned,

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(Name and Address)

**II.** The beneficial owner of the Voting Common Shares is a "Canadian", meaning it is NOT, and is NOT controlled by, a citizen or subject of a country other than Canada.

I declare that I have examined this Declaration and to the best of my knowledge and belief it is true, correct and complete.

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DATED the \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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(Name)

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(Address)



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(Signature)

INSTRUCTIONS

1. *This declaration is to be completed by the person in whose name Voting Common Shares in the capital of the Corporation are to be registered.*
2. *Please return completed declaration to FTI Consulting Canada Inc. no later than ten (10) days prior to the Plan Sanction Date (as defined in the Plan).*
3. *If you have any questions regarding this Declaration, please call 1-888-310-7627.*

**This form may be returned by regular mail, courier, fax or e-mail to FTI Consulting Canada Inc. at:**

FTI Consulting Canada Inc.  
Court Appointed Monitor of the LP Entities  
79 Wellington Street West  
Suite 2010, P.O Box 104  
Toronto, Ontario, M5K 1GA

Attention: Pamela Luthra  
Telephone: (888) 310-7627  
Fax: (416) 649-8101  
CanwestLP@fticonsulting.com

**SCHEDULE "F"**

Court File No CV-10-8533-00CL

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 INC., CANWEST BOOKS  
INC. and CANWEST (CANADA) INC.

APPLICANTS

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**NOTICE OF LP SUBORDINATED LENDER PRO RATA CLAIMS**

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TO: CANWEST LIMITED PARTNERSHIP, on behalf of the LP Entities

COPY TO: LP SUBORDINATED LENDERS (by way of posting to Subordinated Lenders'  
Website)

COPY TO: FTI Consulting Canada Inc., Monitor of the LP Entities

This notice is issued pursuant to the Creditors' Meeting Order issued in the CCAA proceeding of Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc. and Canwest (Canada) Inc. (the "**Applicants**") and Canwest Limited Partnership (collectively, with the Applicants, the "**LP Entities**") on May 17, 2010 by the Honourable Madam Justice Pepall (the "**Creditors' Meeting Order**") Capitalized terms used herein are as defined in the Creditors' Meeting Order unless otherwise noted A copy of the Creditors' Meeting Order can be obtained from the website of FTI Consulting Canada Inc., the Monitor of the LP Entities, at <http://cfcanada.fticonsulting.com/clp>.

**SCHEDULE "H"**

**[PROPOSED FORM OF MASTER BALLOT]**

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

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

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

**MASTER BALLOT FOR ACCEPTING OR REJECTING THE PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
CANWEST PUBLICATIONS INC./PUBLICATIONS CANWEST INC., CANWEST  
BOOKS INC. and CANWEST (CANADA) INC.**

**MASTER BALLOT FOR VOTING THE 9.25% SENIOR SUBORDINATED NOTES  
DUE JULY, 2015  
ISSUED BY CANWEST LIMITED PARTNERSHIP pursuant to an indenture dated July 13, 2007.**

**(CUSIP Numbers 13874TAA0 and C21405AA0)**

**THE VOTING DEADLINE BY WHICH THIS MASTER BALLOT MUST BE ACTUALLY RECEIVED BY THE MONITOR, FTI CONSULTING CANADA INC., IS 5:00 P.M., NEW YORK CITY TIME ON JUNE 9, 2010 IF YOUR MASTER BALLOT IS NOT ACTUALLY RECEIVED ON OR BEFORE THE VOTING DEADLINE, THE VOTES REPRESENTED BY YOUR BALLOT MAY NOT BE COUNTED.**

This Master Ballot is to be used by you, as a broker, bank, or other nominee (or as their proxy holder or agent) (each of the foregoing, a "Nominee"), for beneficial owners of the 9.25% Senior Subordinated Notes due July, 2015 issued by Canwest Limited Partnership (the "LP Notes"), to transmit the votes of such Holders in respect of their LP Notes to accept or reject the Plan of Compromise or Arrangement of Canwest Publications Inc./Publication Canwest Inc., Canwest Books Inc. and Canwest (Canada) Inc. under the *Companies Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended (as it may be amended, the "Plan") Capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Plan. The Plan is Schedule [●] to the information circular mailed in connection with the Plan, dated May

[20] 2010 (the “**Information Circular**”) If you do not have a copy of the Information Circular, you may obtain a copy from the Monitor website at <http://cfcanada.fticonsulting.com/clp> Before you transmit such votes, please review the Plan and the Information Circular carefully, including the voting procedures explained in Section[●] of the Information Circular.

**PLEASE READ AND FOLLOW THE ATTACHED INSTRUCTIONS CAREFULLY. COMPLETE, SIGN, AND DATE THIS MASTER BALLOT, AND RETURN IT SO THAT IT IS ACTUALLY RECEIVED BY THE MONITOR, FTI CONSULTING CANADA INC., ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M., NEW YORK CITY TIME ON JUNE 9, 2010 IF THIS MASTER BALLOT IS NOT COMPLETED, SIGNED, AND ACTUALLY RECEIVED BY THE MONITOR PRIOR TO THE EXPIRATION OF THE VOTING DEADLINE, THEN THE VOTES TRANSMITTED BY THIS MASTER BALLOT MAY NOT BE COUNTED.**

**Item 1 Certification of Authority to Vote** The undersigned certifies that as of May 18, 2010, the Record Date, the undersigned (please check the applicable box):

- Is a broker, bank, or other nominee for the beneficial owners of the aggregate principal amount of LP Notes listed in Item 2 below, and is the registered Holder of such securities, or
- Is acting under a power of attorney and/or agency (a copy of which will be provided upon request) granted by a broker, bank, or other nominee that is the registered Holder of the aggregate principal amount of LP Notes listed in Item 2 below, or
- Has been granted a proxy (an original of which is attached hereto) from a broker, bank or other nominee, or a beneficial owner, that is the registered Holder of the aggregate principal amount of LP Notes listed in Item 2 below,

and, accordingly, has full power and authority to vote to accept or reject the Plan on behalf of the beneficial owners of the LP Notes described in Item 2 below.

**Item 2** The undersigned transmits the following votes of beneficial owners in respect of their LP Notes, and certifies that the following beneficial owners of LP Notes, as identified by their respective customer account numbers set forth below, are beneficial owners of such securities as of May 18, 2010, the Record Date, and have delivered to the undersigned, as Nominee, Ballots casting such votes. (Indicate in the appropriate column the aggregate principal amount voted for each account, or attach such information to this Master Ballot in the form of the following table.)

Please note: Each beneficial owner must vote all his, her, or its LP Note Claims either to accept or reject the Plan, and may not split such vote.

<b>Your Customer Account Number of Each Beneficial Owner of Notes</b>	<b>Principal Amount of Notes Voted to ACCEPT the Plan</b>		<b>Principal Amount of Notes Voted to REJECT the Plan</b>
1.	\$	OR	\$
2.	\$	OR	\$
3.	\$	OR	\$
4.	\$	OR	\$
5.	\$	OR	\$
6.	\$	OR	\$
7.	\$	OR	\$
8.	\$	OR	\$
9.	\$	OR	\$
10.	\$	OR	\$
<b>TOTALS</b>	\$		\$

**Item 3 Certification As to Transcription of Information From Item 3 of Beneficial Owner Ballots As to Other LP Notes Voted by Beneficial Owners** The undersigned certifies that the undersigned has transcribed in the following table the information, if any, provided by beneficial owners in Item 3 of the Beneficial Owner Ballots, identifying any other LP Notes for which such beneficial owners have submitted other Ballots:

<b>TRANSCRIBE FROM ITEM 3 OF THE BENEFICIAL OWNER BALLOT</b>				
<b>Your customer account number for each beneficial owner who completed Item 3 of the Beneficial Owner Ballot</b>	<b>Account Number (Transcribe from Item 3 of Beneficial Owner Ballot)</b>	<b>Name of Holder (Transcribe from Item 3 of Beneficial Owner Ballot)</b>	<b>Principal Amount of Other LP Notes Voted (Transcribe from Item 3 of Beneficial Owner Ballot)</b>	<b>CUSIP of Other LP Notes Voted</b>
1.			\$	
2.			\$	
3.			\$	
4.			\$	
5.			\$	
6.			\$	
7.			\$	
8.			\$	
9.			\$	
10.			\$	

**Item 4 Proxy**

**THE UNDERSIGNED AFFECTED CREDITOR**, hereby nominates, constitutes, and appoints \_\_\_\_\_ or, if no person is named, Jay Swartz of Davies Ward Phillips & Vineberg LLP as counsel to the Ad Hoc Committee with full power of substitution, to vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Affected Creditor with respect to any amendments or variations to the Plan and to any other matters that may come before the meeting of Affected Creditors of the LP Entities or any adjournment thereof.

**Item 5 Certification** By signing this Master Ballot, the undersigned certifies that each beneficial owner of LP Notes listed in Item 2 above has been provided with a copy of the Information Circular and acknowledges that the solicitation of votes is subject to all the terms and conditions set forth in the Information Circular.

Name of Broker, Bank, or Other Nominee:

\_\_\_\_\_  
(Print or Type)

Name of Proxy Holder or Agent for Broker,  
Bank, or Other Nominee (if applicable):

\_\_\_\_\_  
(Print or Type)

Participant No.: \_\_\_\_\_

Signature: \_\_\_\_\_

Name of Signatory: \_\_\_\_\_

Title: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_

Province/State: \_\_\_\_\_

Postal Code/Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date Completed: \_\_\_\_\_



## INSTRUCTIONS FOR COMPLETING THE MASTER BALLOT

**THIS MASTER BALLOT MUST BE FORWARDED IN AMPLE TIME TO BE ACTUALLY RECEIVED BY THE MONITOR, FTI CONSULTING CANADA INC., ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M., NEW YORK CITY TIME ON JUNE 9, 2010 IF THIS MASTER BALLOT IS NOT COMPLETED, SIGNED, AND ACTUALLY RECEIVED BY THE MONITOR PRIOR TO THE EXPIRATION OF THE VOTING DEADLINE, THEN THE VOTES TRANSMITTED BY THIS MASTER BALLOT MAY NOT BE COUNTED.**

**IT MAY BE FORWARDED TO THE MONITOR IN ANY OF THE FOLLOWING WAYS:**

**BY MAIL, OVERNIGHT COURIER OR HAND DELIVERY TO FTI CONSULTING CANADA INC, COURT APPOINTED MONITOR OF THE LP ENTITIES, 79 WELLINGTON STREET WEST, SUITE 2010, P.O BOX 104, TORONTO, ONTARIO, M5K 1GA, ATTENTION: PAMELA LUTHRA; OR**

**BY E-MAIL AT [CANWESTLP@FTICONSULTING.COM](mailto:CANWESTLP@FTICONSULTING.COM). (PLEASE CONFIRM RECEIPT BY CALLING (888) 310 7627.**

**IF YOU HAVE ANY QUESTIONS CONCERNING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CALL LAUREL HILL at ●**

### **VOTING DEADLINE:**

The Voting Deadline is **5:00 P.M., NEW YORK CITY TIME ON JUNE 9, 2010** To have the vote of your customers count, you must complete, sign, and return this Master Ballot so that it is **ACTUALLY RECEIVED** on or before the Voting Deadline by FTI Consulting Canada Inc., at:

FTI Consulting Canada Inc.  
Court Appointed Monitor of the LP Entities  
79 Wellington Street West  
Suite 2010, P.O Box 104  
Toronto, Ontario, M5K 1GA

Attention: Pamela Luthra  
Telephone: (888) 310-7627  
Fax: (416) 649-8101  
[CanwestLP@fticonsulting.com](mailto:CanwestLP@fticonsulting.com)

This Master Ballot may also be transmitted via e-mail. If you are sending your Master Ballot by e-mail, please e-mail it to: [canwestLP@fticonsulting.com](mailto:canwestLP@fticonsulting.com) and confirm receipt by calling: (888) 310-7627 If you send your Master Ballot by e-mail, promptly send your original Ballot to FTI Consulting Canada Inc. at the address listed above.

## HOW TO VOTE:

### If you are transmitting the votes for any Beneficial Owners other than yourself:

For any Beneficial Owner Ballots complete Item 1:

Deliver the Beneficial Owner Ballot to the beneficial owner, along with the Information Circular and other materials requested to be forwarded, and take the necessary actions to enable such beneficial owner to (i) complete and execute such Beneficial Owner Ballot voting to accept or reject the Plan, and (ii) return the completed and executed Beneficial Owner Ballot to you in sufficient time to enable you to complete the Master Ballot and deliver it to the Monitor before the Voting Deadline; and

With respect to all Beneficial Owner Ballots returned to you, you must properly complete the Master Ballot, as follows:

- a. Check the appropriate box in Item 1 on the Master Ballot;
- b. Indicate the votes to accept or reject the Plan in Item 2 of this Master Ballot, as transmitted to you by the beneficial owners of LP Notes To identify such beneficial owners without disclosing their names, please use the customer account number assigned by you to each such beneficial owner, or if no such customer account number exists, please assign a number to each account (making sure to retain a separate list of each beneficial owner and the assigned number). **IMPORTANT: BENEFICIAL OWNERS MAY NOT SPLIT THEIR VOTES. EACH BENEFICIAL OWNER MUST VOTE ALL HIS, HER, OR ITS LP NOTES EITHER TO ACCEPT OR REJECT THE PLAN. IF ANY BENEFICIAL OWNER HAS ATTEMPTED TO SPLIT SUCH VOTE, PLEASE CONTACT THE MONITOR IMMEDIATELY** Any Beneficial Owner Ballot or Master Ballot which is validly executed but which does not indicate acceptance or rejection of the Plan by the indicated beneficial owner or which impermissibly attempts to split a vote will not be counted;
- c. Please note that Item 3 of this Master Ballot requests that you transcribe the information provided by each beneficial owner from Item 3 of each completed Beneficial Owner Ballot relating to other LP Notes voted;
- d. Review the certification in Item 4 of the Master Ballot;
- e. Sign and date the Master Ballot, and provide the remaining information requested in Item 4;
- f. If additional space is required to respond to any item on the Master Ballot, please use additional sheets of paper clearly marked to indicate the applicable Item of the Master Ballot to which you are responding;
- g. Multiple Master Ballots may be completed and delivered to the Monitor. Votes reflected by multiple Master Ballots will be counted except to the extent that the votes thereon are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the latest Master Ballots actually received prior to the Voting Deadline will, to the extent of such inconsistency, supersede and revoke any prior Master Ballot. If more than one Master Ballot is submitted and the later Master Ballot supplements rather than supersedes the earlier Master Ballot(s), please mark the subsequent Master Ballot with the words

“Additional Vote” or such other language as you customarily use to indicate an additional vote that is not meant to revoke an earlier vote; and

- h. Deliver the completed and executed Master Ballot so that it is *actually received* by the Monitor on or before the Voting Deadline. For each completed and executed Beneficial Owner Ballot returned to you by a beneficial owner, either forward such Beneficial Owner Ballot (along with your Master Ballot) to FTI Consulting Canada Inc. or retain such Beneficial Owner Ballot in your files for at least one year from the Voting Deadline.

**PLEASE NOTE:**

This Master Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan. Holders should not surrender, at this time, certificates representing their securities. The Monitor will not accept delivery of any such certificates surrendered together with this Master Ballot.

No Beneficial Owner Ballot or Master Ballot shall constitute or be deemed a proof of claim, an assertion of a Claim or an admission by the LP Entities of the nature, validity or amount of any Claim or Interest.

**NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF ANY LP ENTITY OR FTI CONSULTING CANADA INC., OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN OR INFORMATION CIRCULAR, EXCEPT FOR THE STATEMENTS CONTAINED IN THE ENCLOSED DOCUMENTS.**

**IF YOU HAVE ANY QUESTIONS CONCERNING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CALL THE MONITOR AT (888) 310-7627.**

**SCHEDULE "I"**

**[PROPOSED FORM OF BENEFICIAL OWNER BALLOT]**

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

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

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

**BENEFICIAL OWNER BALLOT FOR ACCEPTING OR REJECTING THE PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
CANWEST PUBLICATIONS INC./PUBLICATIONS CANWEST INC., CANWEST  
BOOKS INC. and CANWEST (CANADA) INC.**

**BENEFICIAL OWNER BALLOT FOR VOTING THE 9.25% SENIOR  
SUBORDINATED NOTES DUE JULY, 2015  
ISSUED BY CANWEST LIMITED PARTNERSHIP pursuant to an indenture dated July 13, 2007.**

**(CUSIP Numbers 13874TAA0 and C21405AA0)**

**THE VOTING DEADLINE BY WHICH THIS BENEFICIAL OWNER BALLOT MUST BE  
ACTUALLY RECEIVED BY THE MONITOR, FTI CONSULTING CANADA INC., IS 5:00  
P.M., NEW YORK CITY TIME ON JUNE 9, 2010 IF YOUR BENEFICIAL OWNER  
BALLOT IS NOT ACTUALLY RECEIVED ON OR BEFORE THE VOTING DEADLINE,  
THE VOTES REPRESENTED BY YOUR BALLOT MAY NOT BE COUNTED.**

If you are a beneficial owner of any of the 9.25% Senior Subordinated Notes due July, 2015 issued by Canwest Limited Partnership (the "LP Notes"), please use this Ballot to cast your vote to accept or reject to transmit the votes of such holders in respect of their LP Notes to accept or reject the Plan of Compromise or Arrangement of Canwest Publications Inc./Publication Canwest Inc., Canwest Books Inc. and Canwest (Canada) Inc. under the *Companies Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended (as it may be amended, the "Plan") Capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Plan. The Plan is Schedule [●] to the information circular mailed in connection with the Plan, dated May [20] 2010 (the "Information Circular") If you do not have a copy of the Information Circular you may obtain a copy from the Monitor website at

<http://cfcanada.fticonsulting.com/clp> Before you transmit such votes, please review the Plan and the Information Circular carefully, including the voting procedures explained in Section [●] of the Information Circular.

**HOW TO VOTE**

1. COMPLETE ITEM 1 (if not already filled out by your nominee) AND ITEM 2 AND COMPLETE ITEM 3 (if applicable).
2. REVIEW THE CERTIFICATIONS CONTAINED IN ITEM 4.
3. **SIGN THE BALLOT**
4. DELIVER THE BALLOT TO YOUR NOMINEE AND PLEASE ENSURE ADEQUATE TIME FOR THE NOMINEE TO COMPLETE ITS MASTER BALLOT AND RETURN TO THE MONITOR IN ADVANCE OF **JUNE 9, 2010**.
6. YOU MUST VOTE **ALL YOUR** LP NOTES **EITHER** TO ACCEPT OR TO REJECT THE PLAN AND **MAY NOT SPLIT YOUR VOTE**.

An authorized signatory of an eligible beneficial owner may execute this Ballot, but must provide the name and address of the beneficial owner on this Ballot and may be required to submit evidence to the Monitor demonstrating such signatory's authorization to vote on behalf of the beneficial owner. Authorized signatories voting on behalf of more than one beneficial owner must complete a separate Ballot for each owner.

You may receive multiple mailings containing Ballots, especially if you own your LP Notes through more than one bank, broker, or other intermediary. You should vote each Ballot that you receive for all of the LP Notes that you beneficially own. You must provide all of the information requested by this Ballot. Failure to do so may result in the disqualification of your vote.

**Item 1. Principal Amount of LP Notes Voted.** The undersigned certifies that as of May 18, 2010, the Record Date, the undersigned was either the beneficial owner, or the nominee of a beneficial owner, of LP Notes in the following aggregate unpaid principal amount (insert amount in the box below) and such LP Notes were held in the following Account Number. If your LP Notes are held by a nominee on your behalf and the amount has not been completed by your nominee and you do not know the amount, please contact your nominee immediately.

Account Number	Name of Holder*	Principal Amount LP Notes Voted
		\$

**Item 2. Vote** The beneficial owner of the LP Notes identified in Item 1 votes as follows (check one box only-if you do not check a box your vote will not be counted):

to **Accept** (votes for) the Plan.  to **Reject** (votes against) the Plan.

**Item 3. Identify All Other LP Notes Voted.** By returning this Ballot, the beneficial owner of the LP Notes identified in Item 1 certifies that (a) this Ballot is the only Ballot submitted for the LP Notes owned by such beneficial owner, except for the LP Notes identified in the following table, and (b) all Ballots for LP Notes submitted by the beneficial owner indicate the same vote to accept or reject the Plan that the beneficial owner has indicated in Item 2 of this Ballot (please use additional sheets of paper if necessary):

**ONLY COMPLETE ITEM 3 IF YOU HAVE SUBMITTED OTHER  
BALLOTS**

<b>Account Number</b>	<b>Name of Holder*</b>	<b>Principal Amount of Other LP Notes Voted</b>
		\$
		\$

\*Insert your name if the LP Notes are held by you in record name or, if held in street name, insert the name of your broker or bank.

**Item 4.**

**THE UNDERSIGNED AFFECTED CREDITOR**, hereby nominates, constitutes, and appoints \_\_\_\_\_ or, if no person is named, Jay Swartz of Davies Ward Phillips & Vineberg LLP as counsel to the Ad Hoc Committee with full power of substitution, to vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Affected Creditor with respect to any amendments or variations to the Plan and to any other matters that may come before the meeting of Affected Creditors of the LP Entities or any adjournment thereof.

**Item 5. Certification.** By signing and returning this Ballot, the undersigned certifies that:

- (a) the information in Item 1 is true and correct;
- (b) no other Ballot cast with respect to the amount of the LP Note Claims identified in Item 1 have been cast with respect to such LP Note Claims, or that any such previously cast Ballots are hereby revoked;
- (c) a copy of the Information Circular relating to the Plan has been provided to and reviewed by the undersigned; and

- (d) as the Holder or authorized signatory of the amount of LP Notes set forth in Item 1, the undersigned has full power and authority to vote to accept or reject the Plan.

The undersigned also acknowledges that this solicitation is subject to all the terms and conditions set forth in the Information Circular and the Plan.

Name: \_\_\_\_\_  
(Print or Type)

Signature: \_\_\_\_\_

Name of Signatory: \_\_\_\_\_  
(if other than Holder)

Title: \_\_\_\_\_  
(if applicable)

Street Address: \_\_\_\_\_

City, State/Province, Zip Code/Postal Code: \_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date Completed: \_\_\_\_\_

By returning this Ballot, the beneficial owner of the LP Notes identified in Item 1 also authorizes and instructs its nominee (i) to furnish the voting information and the amount of LP Notes the nominee holds on its behalf in a master ballot transmitted to the LP Entities, the Monitor or their agent, and (ii) to retain this Ballot and related information in its records for at least one year after the Voting Deadline.

This Ballot shall not constitute or be deemed a proof of claim or equity interest, an assertion of a Claim, or an admission by the LP Entities of the nature, validity or amount of any Claim.

## VOTING INSTRUCTIONS

**THIS BENEFICIAL OWNER BALLOT MUST BE FORWARDED TO THE NOMINEE IN ADEQUATE TIME SO THAT THE NOMINEE MAY FILL OUT THE MASTER BALLOT AND RETURN IT TO FTI CONSULTING CANADA INC. (THE MONITOR) ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M., NEW YORK CITY TIME ON JUNE 9, 2010. IF THIS BENEFICIAL OWNER BALLOT IS NOT COMPLETED, SIGNED, AND ACTUALLY RECEIVED IN ADEQUATE TIME, THEN THE VOTES TRANSMITTED BY THE MASTER BALLOT MAY NOT BE COUNTED.**

**IF YOU HAVE ANY QUESTIONS CONCERNING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CALL LAUREL HILL at ●**

### **Please Take Notice That:**

1. Your vote to accept or reject the Plan must be cast by completing this Ballot Votes that are cast in any other manner will not be counted.
2. Except to the extent determined by Monitor in its reasonable discretion or as otherwise permitted by the Court, the Monitor will not accept or count any Ballots or Master Ballots received after the Voting Deadline.
3. The Monitor and/or their agents shall have reasonable discretion to determine if a Ballot properly complies with these procedures and instructions.
4. Any entity entitled to vote to accept or reject the Plan may change its vote before the Voting Deadline by completing and casting a superseding Ballot so that it is received on or before such deadline
5. IF YOU HAVE ANY QUESTIONS CONCERNING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CALL FTI CONSULTING CANADA INC. AT (888) 310-7627.

**YOU SHOULD REVIEW THE INFORMATION CIRCULAR AND PLAN CAREFULLY BEFORE YOU VOTE. YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE PLAN AND TREATMENT UNDER THE PLAN.**



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985, c.C-36,  
AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST  
PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC. AND  
CANWEST (CANADA) INC.

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

APPLICANTS

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**CREDITORS' MEETING ORDER**

**OSLER, HOSKIN & HARCOURT LLP**  
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Lawyers for the Applicants

F. 1117119



**APPENDIX E**  
**SUMMARY OF THE TERMS OF THE MEZZANINE NOTES**



## Mezzanine Notes Term Sheet

The Mezzanine Notes will be issued only on the basis that the Mezzanine Lenders will also subscribe for Common Shares of Holdco in the proportion as set out in the Commitment Letter.

- Borrower:** 7535538 Canada Inc. ("Holdco" or the "Company"). Holdco will hold all of the units of CW Acquisition Limited Partnership, a Canadian limited partnership (the "Purchaser"), as well as own all of the capital stock of 7536321 Canada Inc., the general partner of the Purchaser. The Purchaser shall purchase substantially all of the publishing assets of Canwest Limited Partnership, Canwest (Canada) Inc., Canwest Publishing Inc. and Canwest Books Inc. (collectively, the "LP Entities") and the shares and indebtedness of National Post Inc. ("NPI").
- Lender:** The Sponsors (the "Mezzanine Lenders") will underwrite 100% of the Amount.
- Form:** Mezzanine Notes ("Mezzanine Debt").
- Amount:** CAD\$150.0 million (the "Amount") issued at par.
- Purpose:** To provide indirectly the portion of the financing for the acquisition of substantially all of the publishing assets of the LP Entities and the shares and indebtedness of NPI pursuant to a plan of arrangement under the *Companies' Creditors Arrangement Act*, to pay fees and expenses on closing and to provide working capital for the Purchaser (the "Transaction").
- Availability:** Single drawing upon completion of the documentation and satisfaction of all Conditions Precedent relating to the Mezzanine Debt ("Closing").
- Equity Purchase:** The Mezzanine Lenders or their affiliates will be required to purchase \$100 million of equity at Closing in the proportion as set out in the Commitment Letter.
- Interest Rate:** 10% per annum. Interest shall accrue daily, be calculated and compounded semi-annually and be payable semi-annually in arrears.
- PIK:** The Company shall be entitled to capitalize 100% of the interest payable from Closing to Maturity and shall do so, if and to the extent required under the Senior Debt, until the Senior Debt<sup>1</sup> has been repaid or refinanced.

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<sup>1</sup> Senior Debt to be defined once the bank syndicate is finalized.

- Default Interest:** While in default under the terms of the Mezzanine Debt, an incremental spread of 2% shall be applicable.
- Maturity:** 10 years from Closing (the "Maturity").
- Commitment Fee:** Immediately upon the closing of the Transaction, Holdco will issue to the Mezzanine Lenders Common Shares in the capital of Holdco which shall represent 15% of the issued and outstanding equity of Holdco after giving effect to the issuance of such number of Common Shares and after giving effect to the issuance of Common Shares pursuant to the Plan of Arrangement. For clarity, an aggregate 3,750,000 Common Shares in the capital of Holdco will be issued in satisfaction of the total Commitment Fee. Each of the Mezzanine Lenders will receive its *pro rata* share of the 3,750,000 Common Shares issued on account of the Commitment Fee based on the proportion of the amount it advances to Holdco on closing to the aggregate Commitment Amount. None of the Common Shares of Holdco issued in satisfaction of the Commitment Fee payable hereunder will be permitted to be assigned, sold, exchanged, transferred or disposed for a period of six months after the date of Closing unless the Mezzanine Notes issued in conjunction with such Common Shares are also assigned, sold, exchanged, transferred or disposed.
- Mandatory Redemption:** Full redemption of the Mezzanine Debt upon Maturity or acceleration of the Mezzanine Debt. Mandatory redemption, in full or in part as the case may be, with 100% of the proceeds of a significant asset sale that is not applied to permanently reduce the Senior Debt, subject to customary exceptions and reinvestment periods.
- Upon a Change of Control, the Company shall be required to redeem all of the outstanding amounts under the Mezzanine Debt at 101% of the principal amount and capitalized interest accrued to the date of redemption.

**Optional Redemption:** Optional redemption, in full or in part (subject to minimum amounts of \$10 million), permitted following the end of the fifth anniversary of Closing Date subject to the redemption premium (as set out below).

The Optional redemption premium will equal the following percentage of the interest that would have been payable from the date of redemption to maturity and will be determined, based on the amount of the Mezzanine Debt then redeemed:

<u>Repayment Year</u>	<u>Redemption Premium</u>
6	50%
7	33.33%
8	16.67%
Thereafter	0%

The Company may redeem up to 35% of the Mezzanine Notes within 3 years of Closing using the proceeds from an equity offering completed by the Company at a price equal to par plus the accrued interest payable up to the date of redemption plus a premium equal to one year's interest on the outstanding principal amount being so redeemed..

**Ranking:** Unsecured, but ranking pari passu with all other senior unsecured indebtedness of the Company.

**Covenants:** Customary for publicly traded high yield debt securities.

**Representations and Warranties:** Customary for publicly traded high yield debt securities.

**Conditions Precedent:** Customary conditions precedent to closing including:

1. Satisfactory documentation; and
2. Completion of the Transaction along with concurrent financing under the Senior Debt.

**Events of Default:** Customary for publicly traded high yield debt securities.

**Assignment:** The Mezzanine Notes may be assigned to any person, provided that none of the Mezzanine Notes will be permitted to be assigned, sold, exchanged, transferred or disposed for a period of six months after the date of Closing unless the Common Shares of Holdco issued in satisfaction of the Commitment Fee payable hereunder are also

assigned, sold, exchanged, transferred or disposed.

**Yield Protection:**

The credit documentation shall contain customary yield protection against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes to taxes.

**Expenses and  
Indemnification:**

All reasonable legal and out-of-pocket expenses are for the account of the Mezzanine Lenders and shall be shared pro-rata among them, including all fees and expenses payable to Moelis & Company accruing after April 30, 2010, all customary fees and expenses payable to US and Canadian legal counsel to the Sponsors, Holdco and the Purchaser accruing after March 5, 2010 and all fees and expenses payable to Moody's and S&P accruing after April 30, 2010, regardless of whether this financing is completed. Such fees and expenses will be reimbursed by the Company if and when there is a successful completion of the Transaction and the financing related thereto.

The Mezzanine Lenders and their affiliates and respective officers, directors, employees, agents, advisors, managers and partners will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except that an indemnified party shall not have the benefit of the foregoing indemnity to the extent that a final, non-appealable judgment of a court is issued to the effect that the relevant indemnity claim arose from the gross negligence or wilful misconduct of such indemnified party.

**Taxes:**

All payments shall be made free and clear of any present or future taxes, withholdings or other deductions whatsoever (other than income taxes in the jurisdiction of each of the Mezzanine Lenders' applicable lending office).

**Governing Law:**

Province of Ontario.





