



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

## **PART I – CCAA RELIEF**

### **SERVICE**

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

### **APPLICATION**

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

### **PLAN OF ARRANGEMENT**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **LP SUPPORT AGREEMENT**

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

## **RESTRUCTURING**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **CONTINUATION OF SERVICES**

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



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

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

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

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

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

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

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

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

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

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

#### **APPOINTMENT OF MONITOR**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **CHIEF RESTRUCTURING ADVISOR**

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

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

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

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

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

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



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

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

#### **DIP FINANCING**

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

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

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

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

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

52. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

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

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

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

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

First – LP Administration Charge

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

Third – The FA Charge; and

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

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

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

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

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

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

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

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

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

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

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

#### **APPROVAL OF FINANCIAL ADVISOR AGREEMENT**

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

#### **MANAGEMENT INCENTIVE PLAN**

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **CLASSIFICATION OF CREDITORS AND VOTING**

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

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

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

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

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

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

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

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

#### **NOTICE OF SENIOR LENDERS MEETING**

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

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

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

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

### **SANCTION HEARING AND ORDER**

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

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

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

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

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

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

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

### **SERVICE AND NOTICE**

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

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

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

#### GENERAL

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

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

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

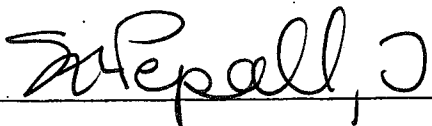
101. THIS COURT ORDERS that each of the LP Entities and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order,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



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

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

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



A handwritten signature in black ink, appearing to read "Joanne Nicoara", is written over a horizontal line.

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

JAN 08 2010

PER / PAR: JSC

Joanne Nicoara  
Registrar, Superior Court of Justice

## Schedule "A"

### Procedures for the Sale and Investor Solicitation Process

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

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

### Defined Terms

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

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

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

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

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

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

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

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

#### **Solicitation Process**

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

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

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

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

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

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

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

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

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

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

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

### **Publication Notice**

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

### **Participation Requirements**

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

(a) prior to the distribution of any confidential information by the Financial Advisor to a Potential Bidder (including the Confidential Information Memorandum), an executed confidentiality agreement in form and substance satisfactory to the Monitor, the Financial Advisor, the LP CRA and the LP Entities, which shall inure to the benefit of any purchaser of the LP Property or any investor in the LP Business; and

(b) on or prior to the Phase I Bid Deadline, as defined below, specific indication of the anticipated sources of capital for the Potential Bidder and preliminary

evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor, the Financial Advisor, the LP CRA and the Agent and each of their respective legal and financial advisors, to make, in their reasonable business or professional judgment, a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the transaction.

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

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

#### **Due Diligence**

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

#### **Phase 1**

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

A Qualified Bidder that desires to participate in Phase 1 shall deliver written copies of a non-binding indication of interest to the Financial Advisor, at the address specified in Schedule "1" hereto (including by email or fax transmission), so as to be received by it not later than February 26, 2010 at 5:00 PM (Toronto time), or such other date or time as may be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent (the "**Phase 1 Bid Deadline**").

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

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

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

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

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

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

Unless the Qualified Bidder otherwise indicates in its Sale Proposal or Investment Proposal, as the case may be, it shall be assumed for purposes of assessing the proposal that (i)

substantially all of the employees of the LP Entities will become employees of the Qualified Bidder or remain employees of the LP Entities, as the case may be, and the proposed terms and conditions of employment to be offered to those employees will be substantially similar to their existing terms and conditions of employment; and (ii) all pension liabilities and assets related to any employees currently covered under any registered pension or retirement income plan or any post-retirement benefit plan will be assumed or purchased, as applicable, by the Qualified Bidder or will remain liabilities and assets of the LP Entities, as the case may be.

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

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

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

Within the two week period following the Phase 1 Bid Deadline, or by such other later date as may be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent, the Monitor will, in consultation with the Financial Advisor, the LP CRA and the Agent, assess the Qualified Non-Binding Indications of Interest received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Superior Cash Offer. If the Monitor determines that there is such a reasonable prospect, the Monitor will recommend to the Special Committee that the SISP continue for a further seven weeks in accordance with these SISP Procedures ("**Phase 2**"). If the Special Committee accepts such recommendation, the SISP will immediately thereafter continue to Phase 2. If the Special Committee does not accept such recommendation, the Monitor will report to the Court that the Special Committee does not accept such recommendation, and will seek advice and directions from the Court with respect to the SISP.

If the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, determines that there is no reasonable prospect of a Qualified Non-Binding Indication of Interest resulting in a Superior Cash Offer, the Monitor will forthwith advise the Agent of such determination.

The Monitor will also consult with the Agent, the LP CRA and the Financial Advisor to assess whether there is a reasonable prospect of a Qualified Non-Binding Indication of Interest resulting in a Superior Alternative Offer (a "**Potential Superior Alternative Offer**"). If the Monitor determines that there is a Potential Superior Alternative Offer, the Monitor will forthwith so advise the Agent. If CCAA Senior Lender Approval has been obtained for the Senior Lenders CCAA Plan, and if the Agent, acting in consultation with the Steering Committee, considers it highly unlikely that the Potential Superior Alternative Offer would

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

## *II. Terminate SISP*

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

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

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

## Phase 2

### Seeking Qualified Bids by Qualified Bidders

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

During Phase 2, each Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures shall have such due diligence access to materials and information relating to the LP Property and the LP Business as the Financial Advisor, in its reasonable business judgment, in consultation with Monitor, deems appropriate, having regard to the



advance to Phase 2 and the requirements of a Qualified Purchase Bid (defined below) and a Qualified Investment Bid (defined below), including, as appropriate, meetings with senior management of the LP Entities and facility tours.

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

### **Qualified Purchase Bids**

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

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

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

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

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

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

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

otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement;

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

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

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

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

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

#### **Qualified Investment Bids**

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

(a) it includes a duly authorized and executed term sheet describing the terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the LP Entities following completion of the proposed transaction (the "**Term Sheet**");

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

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

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

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

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

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

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

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

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

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

The Monitor, in consultation with the Financial Advisor and the LP CRA, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Investment Bids or Qualified Purchase Bids, as the case may be, but only with the prior consent of the Agent, acting in consultation with the Steering Committee. Copies of all Qualified Bids shall be provided to the Agent on terms that permit the Agent to consult with respect thereto with the Steering Committee and other Senior Lenders on a

confidential basis, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Bid until after the conduct of the vote on the Senior Lenders CCAA Plan.

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

#### **No Qualified Bids**

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

#### **Superior Cash Offer is Received**

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

If the Special Committee accepts the Superior Cash Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall negotiate and settle a definitive agreement in accordance with the recommendation but subject to the terms and conditions of the Senior Lenders CCAA Plan.

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

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

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

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

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

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

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

### **Approval Motion**

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

### **Deposits**

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

### **Approvals**

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

### **No Amendment**

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

### **Further Orders**

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

**Schedule "1"**

**Address for Notices and Deliveries**

To the Financial Advisor:

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

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

Email: [peter.buzzi@rbccm.com](mailto:peter.buzzi@rbccm.com)

Facsimile: (416) 842-5360

**Schedule "B"**



Court File No. 10-CL-\_\_\_\_\_

**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 OR PLANS OF  
COMPROMISE OR ARRANGEMENT OF CANWEST (CANADA)  
INC., CANWEST PUBLISHING INC. / PUBLICATIONS  
CANWEST INC. AND CANWEST BOOKS INC.**

**PLAN OF COMPROMISE AND ARRANGEMENT**

**AFFECTING SENIOR SECURED CLAIMS AGAINST**

**CANWEST (CANADA) INC.,**

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

**CANWEST BOOKS INC.,**

**AND**

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

**January 8, 2010**

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**PLAN OF COMPROMISE AND ARRANGEMENT**  
**AFFECTING SENIOR SECURED CLAIMS AGAINST**  
**CANWEST (CANADA) INC.,**  
**CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST INC.,**  
**CANWEST BOOKS INC.,**  
**AND CANWEST LIMITED PARTNERSHIP / CANWEST SOCIÉTÉ EN**  
**COMMANDITE**

**ARTICLE 1 – INTERPRETATION**

**Section 1.1 Definitions**

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

- (1) *Acceleration Notice and Direction* has the meaning given to such term in the Collateral Agency Agreement;
- (2) *Accepted Senior Voting Claims* has the meaning given to such term in the Initial Order;
- (3) *Acquireco* means 7272049 Canada Inc., a corporation incorporated pursuant to the CBCA for the purpose of acquiring the Acquired Assets pursuant to the Acquisition and Assumption Agreement and this Plan;
- (4) *Acquireco Capitalization Term Sheet* means the confidential Summary of Terms and Conditions for the Initial Capitalization of Acquireco that is posted as of the Filing Date on the IntraLinks site established by the Administrative Agent solely for that purpose for the Senior Lenders or otherwise made available to certain of the Senior Lenders, as it may be amended from time to time in accordance with the provisions hereof;
- (5) *Acquireco Debt* means debt to be issued by Acquireco in partial consideration for the exchange of the Senior Secured Claims in accordance with the terms of the Plan and the Acquireco Capitalization Term Sheet;
- (6) *Acquireco Equity* means, collectively, the Class C Common Shares, the Class NC Common Shares and the Class Z Common Shares to be issued by Acquireco in partial consideration for the exchange of the Senior Secured Claims in accordance with the terms of the Plan and the Acquireco Capitalization Term Sheet;

- (7) **Acquired Assets** means the assets or property of or used by or in the possession or control of the LP Entities to be acquired by Acquireco pursuant to the Acquisition and Assumption Agreement and this Plan;
- (8) **Acquisition and Assumption Agreement** means the Acquisition and Assumption Agreement between Acquireco and the LP Entities in the form attached as Schedule "1.1(8)", as it may be amended from time to time in accordance with the provisions hereof;
- (9) **Administrative Agent** means The Bank of Nova Scotia or any successor in its capacity as Administrative Agent for the Senior Lenders under the Senior Credit Agreement;
- (10) **Administrative Agent Claims** means Claims of the Administrative Agent arising under the Senior Credit Agreement in such capacity rather than in its capacity as a Senior Lender, including Recoverable Expenses and other Claims;
- (11) **Applicants** means Canwest GP, CPI and Canwest Books;
- (12) **BIA** means the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended from time to time;
- (13) **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;
- (14) **Canadian Dollars** means lawful currency of Canada;
- (15) **Canadian Person** means (i) a Canadian citizen, (ii) a corporation incorporated under the laws of Canada or a province a class of shares of which is listed on a Canadian stock exchange, (iii) any other corporation incorporated under the laws of Canada or a province that certifies to Acquireco it is at least 75% owned and controlled by one or more Persons listed in (i), (ii), and (iv) to (x) of this Section 1.1(15) (either directly or indirectly through one or more partnerships or corporations incorporated under the laws of Canada or a province), (iv) a RRSP; (v) a RRIF, (vi) a Canadian registered pension plan, (vii) a mutual fund trust, (viii) any other trust that certifies to Acquireco each of its beneficiaries is (a) a Person listed in (i) to (vii), (ix) or (x) of this Section 1.1(15) or (b) a trust each of the beneficiaries of which is a Person listed in (i) to (vii), (ix) or (x) of this Section 1.1(15), (ix) Her Majesty in right of Canada or a province, or a municipality in Canada, and (x) a Person that falls within such other categories of Persons, if any, as may be designated from time to time by the Board of Acquireco, in each case as will be more specifically set out in the share attributes of the Class C Common Shares and the Class NC Common Shares, but shall not include a Person whose ownership of voting shares of Acquireco the Board of Acquireco reasonably determines could contribute to adverse consequences to customers (including advertisers in newspapers) of Acquireco under section 19 of the ITA (or legislation enacted in lieu of section 19, if applicable);
- (16) **Canwest Books** means Canwest Books Inc., a corporation existing pursuant to the CBCA;

- (17) **Canwest Books Assets** means all assets or property of or used by or in the possession or control of Canwest Books immediately before the closing of the Intercompany Transfers;
- (18) **Canwest GP** means Canwest (Canada) Inc., a corporation existing pursuant to the CBCA;
- (19) **Canwest GP Assets** means all assets or property of or used by or in the possession or control of Canwest GP immediately before the closing of the Intercompany Transfers, other than the partnership interest of Canwest GP in CLP and the special voting shares of CPI;
- (20) **Cash Management Claims** means 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);
- (21) **Cash Reserve** means a cash reserve in a maximum amount to be agreed by the Monitor, the LP Entities and Acquireco or determined pursuant to an Order, which reserve shall be established by the Monitor as a segregated account held in trust by the Monitor for the benefit of Persons entitled to be paid the Cash Reserve Costs and Acquireco out of the LP Plan Entity Cash and Cash Equivalents in accordance with the Plan for the purpose of paying the Cash Reserve Costs in accordance with the Plan and the Cash Reserve Order;
- (22) **Cash Reserve Account** means an account established by the Monitor in trust pursuant to the Cash Reserve Order;
- (23) **Cash Reserve Costs** means specified administrative claims and costs outstanding on the Credit Acquisition Plan Implementation Date (or to the extent expressly provided below arising thereafter) falling within one or more of the following categories (i) amounts secured by the administration charge or the directors' and officers' charge (including for greater certainty claims for wages indirectly secured by the directors' and officers' charge that accrue during the period between the date of the Credit Acquisition Sanction Order and the Credit Acquisition Plan Implementation Date) or financial advisor charge granted by the Court 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 required under the Plan and any Order issued before the Credit Acquisition Plan Implementation Date to be performed by the Monitor after the Credit Acquisition Plan Implementation Date, (ii) Government Priority Claims, (iii) any portion of pre-filing vacation pay that is not part of Employee Priority Claims, (iv) Pension Priority Claims, (v) Trustee Fees and Costs, and (vi) Post-Filing Trade Payables, in each case to the extent not paid by the LP Entities on or before the implementation of the Plan or to the extent Acquireco so elects as permitted by the Plan (including pursuant to the Acquisition and Assumption Agreement), assumed by Acquireco on the Credit Acquisition Plan Implementation Date;
- (24) **Cash Reserve Order** means an Order of the Court to be made in these proceedings that will set out the amount of the Cash Reserve and the process for the administration of the Cash Reserve by the Monitor;
- (25) **CBCA** means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended from time to time;

- (26) **CCAA** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended from time to time;
- (27) **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 Plan 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;
- (28) **Class** means the Senior Secured Claims designated as a Class in Article 4 of this Plan;
- (29) **Class C Common Shares** means voting common shares in the capital of Acquireco, which shares shall have the identical share attributes as the Class NC Common Shares and Class Z Common Shares except that the Class C Common Shares (i) shall have no restraints on the maximum aggregate voting rights for the election of directors of Acquireco or otherwise, (ii) shall be permitted to be convertible at the election of the Holder of such shares into Class Z Common Shares, and (iii) to the extent acquired or held by a Person that is not a Canadian Person, shall automatically convert to Class NC Common Shares on a one-for-one basis without any action by such Person;
- (30) **Class NC Common Shares** means voting common shares in the capital of Acquireco, which shares shall have the identical share attributes as the Class C Common Shares and Class Z Common Shares except that the Class NC Common Shares shall (i) have at all times in the aggregate not more than 49.9% of the aggregate voting rights for the election of directors of Acquireco or otherwise, (ii) be permitted to be convertible at the election of the Holder of such shares into Class Z Common Shares, and (iii) to the extent acquired or held by a Person that is a Canadian Person, shall automatically convert to Class C Common Shares on a one-for-one basis without any action by such Person;
- (31) **Class Z Common Shares** means non-voting common shares in the capital of Acquireco, which shares shall have the identical share attributes as the Class C Common Shares and Class NC Common Shares except that the Class Z Common Shares shall (i) not have at any time any voting rights except as otherwise provided under applicable law, and (ii) be convertible at the election of the Holder of a Class Z Common Share on a one-for-one basis into Class C Common Shares or Class NC Common Shares, as applicable;
- (32) **CLP** means Canwest Limited Partnership / Canwest Societe en Commandite, a limited partnership pursuant to the Limited Partnerships Act (Ontario);
- (33) **CLP Assets** means all assets or property of or used by or in the possession or control of CLP immediately before the closing of the Intercompany Transfers, other than the common shares of CPI and the CPI Debt;

- (34) **CLP Subrogated Debt** means indebtedness owing by CLP to CPI as a result of the closing of the Credit Acquisition in a principal amount equal to the aggregate of the Unpaid Interest and Recoverable Expenses paid by CPI on the Plan Implementation Date plus the Reference Amount;
- (35) **Collateral Agency Agreement** means the Amended and Restated Intercreditor and Collateral Agency Agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership (now CLP), the persons from time to time parties thereto as guarantors, the Collateral Agent, and the persons from time to time party thereto as secured creditors, as amended from time to time;
- (36) **Collateral Agent** means the CIBC Mellon Trust Company or any successor agent for the creditors under the Collateral Agency Agreement;
- (37) **Court** means the Ontario Superior Court of Justice (Commercial List);
- (38) **CPI** means Canwest Publishing Inc. / Publications Canwest Inc., a corporation existing pursuant to the CBCA;
- (39) **CPI Debt** means the 11% notes owing by CPI to CLP with an aggregate principal amount of \$2,250,000,000;
- (40) **CPI Guarantee** means the Omnibus Guarantee executed on July 10, 2007 by CPI and all of the Guarantors (as that term is defined in the Omnibus Guarantee), in favour of the Administrative Agent on behalf of itself and the other Senior Lenders;
- (41) **Credit Acquisition** has the meaning given to such term in Section 8.4;
- (42) **Credit Acquisition Plan Implementation Date** means the date on which all of the conditions precedent to the implementation of the Credit Acquisition set out in Section 8.2 have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by a certificate to that effect filed with the Court by the Monitor;
- (43) **Credit Acquisition Sanction Order** means an Order substantially in the form attached as Schedule 1.1(43)(i) approving the transactions contemplated in the Acquisition and Assumption Agreement, (ii) sanctioning this Plan pursuant to the provisions of the CCAA, (iii) vesting in CPI all of the right, title and interest in and to the Canwest Books Assets, Canwest GP Assets and CLP Assets, (iv) vesting in Acquireco all right, title and interest in and to the Senior Secured Claims and the Senior Security, (v) vesting in Acquireco all right, title and interest in and to the Acquired Assets, and (vi) vesting in Acquireco any amounts in the Cash Reserve Account that are not used by the Monitor to pay Cash Reserve Costs in accordance with the Cash Reserve Order, as such Order may be amended or modified by the Court from time to time on notice to the Senior Lenders;
- (44) **Credit Acquisition Sanction Order Date** means the date on which the Credit Acquisition Sanction Order is made by the Court;



- (45) **Credit Acquisition Sanction Order Trigger Date** means the earliest to occur of the following events: (i) the determination that the SISP will not proceed to Phase 2, (ii) the determination by the Monitor in accordance with the SISP that it will be unable to obtain a Successful Bid by the Phase 2 Bid Deadline, (iii) no Qualified Bid is received by the Phase 2 Bid Deadline that constitutes a Superior Offer, and (iv) no Superior Offer results in the completion of a transaction on or before the date that is sixty days following the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP);
- (46) **Creditor** means any Person having a Claim and where the context requires, includes the assignee of a Claim or a trustee in bankruptcy, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of or through such Person;
- (47) **Demand** has the meaning given to it in Section 8.4(k);
- (48) **DIP Claims** means all Claims of the DIP Lenders arising under or in connection with the DIP Loan;
- (49) **DIP Loan** means a \$25,000,000 senior secured super-priority debtor-in-possession credit financing approved by the Court pursuant to the Initial Order;
- (50) **DIP Lenders** means the lenders party to the DIP Loan from time to time;
- (51) **Discount Amount** means \$25,000,000;
- (52) **Employee Priority Claims** has the meaning given to it in Section 3.1(e);
- (53) **Encumbrance** means security interests, hypothecs, mortgages, trusts or deemed trusts, liens, executions, levies, charges, or other financial or monetary claims, in each case whether or not they have attached or been perfected, registered or filed, whether secured, unsecured or otherwise and whether contractual, statutory, or otherwise;
- (54) **Filing Date** means the date on which the Initial Order is made;
- (55) **Final Determination Date** means the date upon which with respect to all Unresolved Senior Claims it has been determined in accordance with the procedures set forth in the Initial Order and the Credit Acquisition Sanction Order whether or not such Unresolved Senior Claims are Proven Senior Secured Claims;
- (56) **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;
- (57) **Government Priority Claims** has the meaning given to it in Section 3.1(d);
- (58) **Hedging Agreements** means the interest rate, currency and commodity hedging agreements entered into between a LP Plan Entity and one or more Senior Lenders, in respect of

which such LP Plan Entity's obligations are secured *pari passu* with the obligations under the Senior Credit Agreement;

- (59) **Holder** means, in respect of a share of Acquireco Equity, the Person that beneficially owns such share;
- (60) **Implementation Senior Secured Claim Amount** means a Proven Senior Secured Claim of a Senior Lender plus any Unpaid Interest that is not paid on the Plan Implementation Date pursuant to Section 8.4(c) less any repayments of Principal and Other Amounts received by such Senior Lender on such Proven Senior Secured Claim after the Filing Date as determined in accordance with Section 7.4;
- (61) **Indemnitees** means each of the Senior Lenders, each individual, corporation or other entity that was at any time a Senior Lender, each member and former member of the Steering Committee or any other committee of holders of Senior Secured Claims, the Administrative Agent, the DIP Lenders, Acquireco and the Collateral Agent, and their respective agents, affiliates, directors, officers, employees, and representatives, including counsel and its financial advisor;
- (62) **Initial Order** means the initial Order in these proceedings;
- (63) **Intercompany Transfers** has the meaning given to it in Section 8.3;
- (64) **ITA** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);
- (65) **LP Entities** means the Applicants and CLP;
- (66) **LP Plan Entity Cash and Cash Equivalents** means all cash, certificates of deposits, bank deposits, commercial paper, treasury bills and other cash equivalents of the LP Entities on the Credit Acquisition Plan Implementation Date;
- (67) **Monitor** means FTI Consulting Canada Inc., in its capacity as CCAA court-appointed Monitor of the LP Entities pursuant to the Initial Order;
- (68) **Order** means any order of the Court;
- (69) **Other Amounts** means any amounts owing as of the Sanction Order Date to the Senior Lenders under the Senior Credit Agreement or Hedging Agreements other than on account of Principal, Unpaid Interest or Administrative Agent Claims;
- (70) **Pension Priority Claims** has the meaning given to it in Section 3.1(f);
- (71) **Permitted Encumbrances** means the permitted encumbrances set out in the Acquisition and Assumption Agreement;
- (72) **Person** means any natural person, sole proprietorship, partnership, limited partnership, corporation, trust, joint venture, governmental authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature;

- (73) **Phase 1** means the first phase of the SISP;
- (74) **Phase 2** means the second phase, if any, of the SISP;
- (75) **Phase 2 Bid Deadline** has the meaning given to it in the SISP;
- (76) **PID Cash Deficiency** has the meaning given to it in Section 8.4(d);
- (77) **Plan** means this Plan of Compromise and Arrangement, as varied, amended, modified or supplemented in accordance with the provisions hereof;
- (78) **Plan Implementation Date** means the Credit Acquisition Plan Implementation Date or the Superior Cash Offer Plan Implementation Date, whichever occurs;
- (79) **Post-Filing Trade Payables** means trade payables which the Monitor determines, and either the Administrative Agent acting in consultation with the Steering Committee agrees or the Court by Order confirms, were incurred by the LP Entities entirely (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 in these proceedings;
- (80) **Principal** means, in the case of the Senior Credit Agreement any principal amounts owing to the Senior Lenders pursuant to the terms thereof, and, in the case of any Hedging Agreement, the net amount that became payable by an LP Plan Entity to the applicable Senior Lender on the date of termination of such Hedging Agreement by reason of the termination of such Hedging Agreement on or about June 1, 2009, and does not include Other Amounts;
- (81) **Prior Ranking Secured Claim** means a Secured Claim that exists on both the Filing Date and the Plan Implementation Date and that would have ranked senior in priority to the Senior Secured Claims if the LP Entities had become bankrupt on the Filing Date excluding for greater certainty Claims secured by Court-ordered charges;
- (82) **Pro Rata Share** means, in respect of any Senior Lender, the ratio determined on the Credit Acquisition Plan Implementation Date by the following formula:
- Pro Rata Share = 
$$\frac{\text{Implementation Senior Secured Claim Amount of such Senior Lender}}{\text{aggregate amount of all Implementation Senior Secured Claim Amounts of all Senior Lenders plus the Unresolved Amount}}$$
- (83) **Proven Other Amounts Claim** means Other Amounts or the portion thereof, with respect to which all issues concerning the validity, amount and status have been determined in favour of the applicable Senior Lender in accordance with the Sanction Order with any dispute or appeal rights either having been exhausted or the applicable time period for the exercise thereof having expired;
- (84) **Proven Principal Claim** means the Principal amount as of the Filing Date of a Senior Secured Claim or the portion thereof, with respect to which all issues concerning the validity, amount and status have been determined in favour of the applicable Senior Lender in accordance

with the Initial Order with any dispute or appeal rights either having been exhausted or the applicable time period for the exercise thereof having expired;

(85) **Proven Senior Secured Claim** means collectively, a Senior Lender's Proven Principal Claim and its Proven Other Amounts Claim;

(86) **Qualified Bid** has the meaning given to such term in the SISF;

(87) **Recoverable Expenses** means all recoverable fees, expenses and costs incurred by the Administrative Agent, both prior to and after the date of the Initial Order, which CLP has agreed to reimburse under the terms of the Senior Credit Agreement (including for greater certainty recoverable fees, expenses and costs provided for in the Support Agreement), including the reasonable fees, expenses and costs of the legal, financial and other advisors to the Administrative Agent, reasonable costs of conducting the search for directors of Acquireco, and, following the approval of this Plan by the Senior Lenders, investment banking advice relating to the equity of Acquireco;

(88) **Reference Amount** means the aggregate amount of the Senior Secured Claims calculated as of the Plan Implementation Date minus the Discount Amount; for greater certainty, in the case of the Credit Acquisition, such calculation shall be made after crediting any payments of Unpaid Interest and Administrative Agent Claims paid by CPI on the Credit Acquisition Plan Implementation Date pursuant to the Plan and the Acquisition and Assumption Agreement;

(89) **Sanction Order** means the Credit Acquisition Sanction Order or the Superior Cash Offer Sanction Order, whichever is made;

(90) **Sanction Order Date** means the date on which the Sanction Order is made;

(91) **Secured Claims** means Claims that have the benefit of a valid and enforceable security interest in, mortgage or charge over (including the charges granted by the Court pursuant to the Initial Order), 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;

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

(93) **Senior Lender** means any Creditor having a Senior Secured Claim;

(94) **Senior Lenders Meeting** means a meeting of the Senior Lenders called for the purpose of considering and voting in respect of this Plan;

(95) **Senior Lenders Meeting Date** means the date on which the Senior Lenders Meeting is held or to which the same may be adjourned in accordance with the Initial Order;

- (96) **Senior Secured Claims** means Claims of the Senior Lenders arising under 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, including for Principal, Unpaid Interest, Other Amounts and Administrative Agent Claims but, for greater certainty, does not include any Cash Management Claims;
- (97) **Senior Security** means the security granted by the LP Entities in favour of the Collateral Agent to secure the payment and performance of, among other things, the LP Entities' liabilities, indebtedness and obligations to the Senior Lenders under the Senior Credit Agreement and the Hedging Agreements;
- (98) **SISP** means the "SISP" as such term is defined in the Initial Order;
- (99) **Steering Committee** means the steering committee of Senior Lenders formed by the Administrative Agent, as composed from time to time;
- (100) **Successful Bid** has the meaning given to such term in the SISP;
- (101) **Superior Alternative Offer** has the meaning given to such term in the SISP;
- (102) **Superior Cash Offer** has the meaning given to such term in the Initial SISP;
- (103) **Superior Cash Offer Plan Implementation Date** means the date on which all conditions precedent to the implementation of a Superior Cash Offer Transaction set out in Section 9.2 have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by a certificate to that effect filed with the Court by the Monitor;
- (104) **Superior Cash Offer Sanction Order** means an Order in form and substance satisfactory to the Administrative Agent, acting in consultation with the Steering Committee, *inter alia*, (i) approving the Superior Cash Offer Transaction, (ii) sanctioning this Plan pursuant to the provisions of the CCAA, and (iii) approving the distribution to and acceptance by the Senior Lenders of the Reference Amount calculated as of the Plan Implementation Date in full and final satisfaction of the Senior Secured Claims;
- (105) **Superior Cash Offer Sanction Order Date** means the date on which the Superior Cash Offer Sanction Order is made by the Court;
- (106) **Superior Cash Offer Transaction** means a transaction or series of transactions contemplated by a Superior Cash Offer;
- (107) **Superior Offer** has the meaning given to such term in the SISP;
- (108) **Superior Offer Transaction** means a transaction or series of transactions contemplated by a Superior Offer;
- (109) **Support Agreement** means the LP support agreement among the LP Entities and the Administrative Agent with respect to the principal terms and conditions of this Plan and the Credit Acquisition;

(110) *Tag Along Notice* has the meaning given to such term in the Collateral Agency Agreement;

(111) *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 implementation of the Plan up to a maximum amount of \$150,000 incurred on or before the first meeting of creditors and/or in connection with the final completion of the estate and, for greater certainty, do not include any fees and costs incurred by any Trustee in Bankruptcy in relation to the investigation or pursuit of claims or remedies pursuant to sections 95 to 101 of the BIA or any similar claims under any applicable law;

(112) *Unaffected Claims* has the meaning given to such term in Section 3.1;

(113) *Unpaid Interest* means unpaid interest on the Principal amount and Other Amounts of a Proven Senior Secured Claim from time to time;

(114) *Unresolved Amount* means the aggregate amount as of the Credit Acquisition Plan Implementation Date of the Principal amounts and Other Amounts of the Unresolved Senior Claims;

(115) *Unresolved Senior Claim* has the meaning given to such term in the Initial Order;

(116) *Unresolved Senior Claims Reserve* means a reserve of (i) in the case of the Credit Acquisition, Acquireco Debt, Acquireco Equity and cash, and (ii) in the case of a Superior Cash Offer Transaction, cash proceeds of such Superior Cash Offer Transaction, in either case to be established by the Monitor pursuant to the Plan for the purpose of making distributions on account of Senior Secured Claims that are Unresolved Senior Claims on the Plan Implementation Date and that subsequently become Proven Senior Secured Claims;

(117) *Unsecured Claims* means all Claims other than Secured Claims and includes the Claims of holders of Secured Claims (other than Senior Secured Claims) to the extent such Claims exceed the realizable value of the property subject to such security; and

(118) *US Dollars* means lawful currency of the United States of America.

## **Section 1.2 Articles and Sections**

The terms “this Plan”, “hereof”, “hereunder”, “herein” and similar expressions refer to this Plan and not to any particular article, section, subsection, clause or paragraph or schedule of this Plan and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph or schedule shall, unless otherwise stated, refer to an article, section, subsection, clause or paragraph or schedule of this Plan.

## **Section 1.3 Extended Meanings**

In this Plan, where the context requires, a word importing the singular number shall include the plural and vice versa; and a word or words importing gender shall include all

genders. The terms “including”, “includes” and other similar terms mean “including without limitation”.

#### **Section 1.4 Interpretation Not Affected by Headings**

The division of this Plan into articles, sections, subsections, clauses and paragraphs and the insertion of a table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

#### **Section 1.5 Date for any Action**

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

#### **Section 1.6 Calculation of Time**

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.

#### **Section 1.7 Time**

All times expressed herein are local time in Toronto, Ontario unless otherwise stipulated herein.

#### **Section 1.8 Currency**

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

#### **Section 1.9 Successors and Assigns**

This 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 bound by this Plan.

#### **Section 1.10 Governing Law**

This Plan and each of the documents contemplated by or delivered under or in connection with this Plan are governed by, and are to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

### **Section 1.11 Severability**

If any provision of this Plan is or becomes illegal, invalid or unenforceable on or following the Plan Implementation Date 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 Plan; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

### **Section 1.12 Schedules**

The following are the Schedules to this Plan which are incorporated by reference and deemed to be a part of this Plan:

Schedule “1.1(8)” – Form of Acquisition and Assumption Agreement

Schedule “1.1(43)” – Form of Credit Acquisition Sanction Order

## **ARTICLE 2 – BACKGROUND AND PURPOSE OF PLAN**

### **Section 2.1 Purpose and Effect of Plan**

The purpose of this Plan is to effect a compromise and arrangement of the Senior Secured Claims against the LP Entities and implement the Credit Acquisition or a Superior Cash Offer Transaction, as applicable.

### **Section 2.2 Persons Affected**

On the Plan Implementation Date, this Plan will become effective and be binding on the LP Entities and the Senior Lenders, and for greater certainty shall not affect Unaffected Claims.

## **ARTICLE 3 – TREATMENT OF UNAFFECTED CLAIMS**

### **Section 3.1 Claims Unaffected by the Plan**

Notwithstanding any other provision hereof, this Plan does not compromise or affect any Claims other than the Senior Secured Claims, which other Claims are referred to herein collectively as “**Unaffected Claims**” and, for greater certainty, include:

- (a) Secured Claims (other than the Senior Secured Claims), including DIP Claims;
- (b) Unsecured Claims;
- (c) Cash Management Claims;
- (d) claims of government entities as follows (collectively, “**Government Priority Claims**”):



- (i) claims by Her Majesty in Right of Canada pursuant to subsections 224(1.2) and 224(1.3) of the ITA;
- (ii) claims pursuant to any provision of the *Canada Pension Plan* or the *Employment Insurance Act* 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*, and of any related interest, penalties or other amounts;
- (iii) 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:
  - (A) 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
  - (B) 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;
- (e) claims of employees as follows (collectively, "**Employee Priority Claims**"):
  - (i) amounts equal to the amounts that employees and former employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the LP Entities had become bankrupt on the Filing Date; and
  - (ii) claims for wages, salaries, commissions or compensation for services rendered after the Filing Date and before the Credit Acquisition Sanction Order Date or the Superior Cash Offer Sanction Order Date, whichever occurs, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the company's business during the same period;
- (f) 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 (collectively, the "**Pension Priority Claims**"):
  - (i) an amount equal to the sum of all amounts that were deducted from the employees' remuneration for payment to such funds;

- (ii) if any of the CCAA prescribed pension plans is regulated by an Act of Parliament:
  - (A) 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
  - (B) 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
- (iii) in the case of any other CCAA prescribed pension plan:
  - (A) 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
  - (B) 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; and
- (g) claims for any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offence and any interest owed in relation thereto.

### **Section 3.2 No Vote or Distribution in Respect of Unaffected Claims**

Under this Plan, no holder of an Unaffected Claim shall be entitled to vote on or receive any distribution in respect of such Unaffected Claim.

## **ARTICLE 4 – CLASSIFICATION OF CLAIMS**

### **Section 4.1 Classification of Claims**

For the purpose of considering and voting upon this Plan and any entitlement to receive distributions hereunder, there shall be one Class of Senior Lenders consisting of all of the Senior Lenders and each Senior Lender shall, to the extent herein provided and subject to Section 6.1, be entitled to vote upon the Plan as part of that Class in respect of its Senior Secured Claim in accordance with the Initial Order.

## ARTICLE 5 – TREATMENT OF UNAFFECTED CREDITORS

### Section 5.1 Payment of DIP Lenders

The DIP Claims shall be repaid in full by the LP Entities to the DIP Lenders on the Plan Implementation Date, or subject to obtaining the prior written consent of the DIP Lenders (i) in the case of the Credit Acquisition, assumed by Acquireco in accordance with the Acquisition and Assumption Agreement, or (ii) in the case of a Superior Cash Offer Transaction, otherwise dealt with in accordance with that consent.

### Section 5.2 Government Priority Claims

(1) In the case of a Credit Acquisition, the Government Priority Claims shall at the election of Acquireco either be (i) paid by the LP Entities on or before the Credit Acquisition Plan Implementation Date, (ii) assumed by Acquireco on behalf of the applicable LP Entities on the Credit Acquisition Plan Implementation Date, or (iii) paid in full by the Monitor from the Cash Reserve to Her Majesty in right of Canada or the applicable province when due and, in any event, within six months after the Credit Acquisition Sanction Order Date.

(2) In the case of a Superior Cash Offer Transaction, the Government Priority Claims shall either be (i) paid by the LP Entities on or before the Plan Implementation Date, or (ii) other arrangements satisfactory to the Court shall be made for the payment in full of the Government Priority Claims to Her Majesty in right of Canada or the applicable province when due and, in any event, within six months after the Superior Cash Offer Sanction Order Date.

### Section 5.3 Employee Priority Claims

(1) In the case of a Credit Acquisition, at the election of Acquireco Employee Priority Claims shall either be (i) paid by the LP Entities on or before the Credit Acquisition Sanction Order Date, or (ii) paid immediately after the Credit Acquisition Sanction Order Date from funds set aside for that purpose on terms satisfactory to the Court on or before such date.

(2) In the case of a Superior Cash Offer Transaction, the Employee Priority Claims shall either be (i) paid by the LP Entities on or before the Superior Cash Offer Sanction Order Date, or (ii) paid immediately after the Superior Cash Offer Sanction Order Date from funds set aside for that purpose on terms satisfactory to the Court on or before such date.

### Section 5.4 Pension Priority Claims

(1) In the case of a Credit Acquisition, at the election of Acquireco either (i) Pension Priority Claims shall be paid by the LP Entities on or before the Credit Acquisition Plan Implementation Date, (ii) assumed by Acquireco on behalf of the applicable LP Entities on the Credit Acquisition Plan Implementation Date, (iii) paid in full by the Monitor from the Cash Reserve on or following the Credit Acquisition Plan Implementation Date, or (iv) other arrangements satisfactory to the Court shall be made for payment in full of the Pension Priority Claims on or following the Credit Acquisition Plan Implementation Date.

(2) In the case of a Superior Cash Offer Transaction, either Pension Priority Claims shall either be paid (i) by the LP Entities on or before the Superior Cash Offer Plan Implementation Date, or (ii) immediately after the Superior Cash Offer Plan Implementation Date from funds set aside for that purpose on terms satisfactory to the Court on or before such date.

#### **Section 5.5 Prior Ranking Secured Claims**

(1) In the case of a Credit Acquisition, at the election of Acquireco either (i) Prior Ranking Secured Claims shall be paid by the LP Entities on or before the Credit Acquisition Plan Implementation Date, (ii) Prior Ranking Secured Claims shall be assumed by Acquireco on behalf of the applicable LP Entities on the Credit Acquisition Plan Implementation Date, or (iii) arrangements satisfactory to the Court shall be made for the property subject to security in respect of such Prior Ranking Secured Claim to be released to the holder of such Prior Ranking Secured Claim on or after the Plan Implementation Date.

(2) In the case of a Superior Cash Offer Transaction, either (i) Prior Ranking Secured Claims shall be paid by the LP Entities on or before the Superior Cash Offer Plan Implementation Date, (ii) the property subject to security in respect of such Prior Ranking Secured Claim shall be released to the holder of such Prior Ranking Secured Claim on or after the Plan Implementation Date, or (iii) other arrangements satisfactory to the Court shall be made for the payment of the Prior Ranking Secured Claims.

#### **Section 5.6 Cash Management Claims**

(1) In the case of a Credit Acquisition, at the election of Acquireco either (i) Cash Management Claims shall be assumed by Acquireco on behalf of the applicable LP Entities, or (ii) other arrangements satisfactory to the Administrative Agent shall be made for the payment in full of the Cash Management Claims.

(2) In the case of a Superior Cash Offer Transaction arrangements satisfactory to the Administrative Agent shall be made for the payment in full of the Cash Management Claims on the Superior Cash Offer Plan Implementation Date.

### **ARTICLE 6 – TREATMENT OF SENIOR LENDERS**

#### **Section 6.1 Voting**

Each Senior Lender shall be entitled to vote to the extent that its Senior Secured Claim is an Accepted Senior Voting Claim on the second Business Day immediately prior to the date of the Senior Lenders Meeting. Voting in respect of Unresolved Senior Claims shall be dealt with in accordance with the Initial Order. Notwithstanding any other provision of this Plan, none of the LP Entities shall be entitled to vote on this Plan.

#### **Section 6.2 Additional Matters**

In conjunction with the holding of the Senior Lenders Meeting, the Senior Lenders will also vote on an amendment to the Senior Credit Agreement whereby any transferee in respect of

any transfer of a Senior Secured Claim recorded in the Administrative Agent's records after a favourable vote under Section 6.1 shall be bound by such favourable vote and in particular, shall not be entitled to oppose an application for the Sanction Order made in accordance with the terms hereof. On the Credit Acquisition Plan Implementation Date, the Senior Credit Agreement shall be deemed to be amended such that no Other Amounts shall accrue thereunder after the Credit Acquisition Sanction Order Date.

**Section 6.3 Exchange of Senior Secured Claims**

Subject to Section 6.5, on and after the Credit Acquisition Plan Implementation Date, each Senior Lender shall be entitled to receive Acquireco Debt and Acquireco Equity in accordance with the Acquireco Capitalization Term Sheet on account of its Proven Senior Secured Claim in accordance with Section 8.4(g), with Unpaid Interest either paid on the Plan Implementation Date or assumed by Acquireco pursuant to the terms hereof.

**Section 6.4 Repayment of Senior Secured Claims**

On and after the Superior Cash Offer Plan Implementation Date, each Senior Lender shall be entitled to receive its Pro Rata Share of the Reference Amount in repayment of its Senior Secured Claim in accordance with Section 9.3.

**Section 6.5 Unresolved Senior Claims Reserve**

- (1) The Monitor shall establish the Unresolved Senior Claims Reserve on the Plan Implementation Date.
- (2) In the case of a Credit Acquisition:
  - (a) the Unresolved Senior Claims Reserve shall be comprised of Acquireco Debt, Acquireco Equity and cash reserved out of the LP Entity Cash and Cash Equivalents;
  - (b) the aggregate value of the Acquireco Debt and Acquireco Equity to be included in the Unresolved Senior Claims Reserve shall be equal to the value of Acquireco Debt and Acquireco Equity that would have been distributed in respect of the Unresolved Senior Claims if the full amounts of such Unresolved Senior Claims were Proven Senior Secured Claims on the Credit Acquisition Plan Implementation Date;
  - (c) the aggregate amount of the cash to be included in the Unresolved Senior Claims Reserve shall be equal to the amount of all Unpaid Interest on Unresolved Senior Claims as of the Credit Acquisition Plan Implementation Date that would have been paid to the Senior Lenders holding such Unresolved Senior Claims if the full amounts of such Unresolved Senior Claims were Proven Senior Secured Claims on the Credit Acquisition Plan Implementation Date;

- (d) not later than fifteen days (or such later date as may be specified by Order of the Court) following the Final Determination Date, the Monitor shall distribute from the Unresolved Senior Claims Reserve (i) to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet Acquireco Debt and Acquireco Equity in respect of any Senior Secured Claims that were Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date and that subsequently became Proven Senior Secured Claims together with any interest, dividends, distributions or other payments actually received by the Monitor on account or in respect thereof, (ii) following the distribution referred to in (i) of this Section 6.5(2)(d), any balance of Acquireco Debt and Acquireco Equity that forms part of the Unresolved Senior Claims Reserve shall be distributed to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet such that all Acquireco Debt and Acquireco Equity shall have been distributed in accordance with the Plan and the Acquireco Capitalization Term Sheet, (iii) any interest, distributions or other payments actually received by the Monitor on account or in respect of the Acquireco Debt and Acquireco Equity referred to in (ii) shall be distributed to the Persons receiving the applicable Acquireco Debt or Acquireco Equity pursuant to (ii), (iv) to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet cash in an amount equal to the aggregate amount of all Unpaid Interest on Senior Secured Claims that were Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date that subsequently became Proven Senior Secured Claims, together with any interest actually received by the Monitor on account or in respect thereof, and (v) following the distribution referred to in (iv) of this Section 6.5(2)(d), any balance of cash that forms part of the Unresolved Senior Claims Reserve together with any interest actually received by the Monitor on account or in respect thereof shall be paid to Acquireco; and
- (e) For the purposes of calculating the various distributions to be made pursuant to Section 6.5(2)(d), each Senior Lender's Pro Rata Share shall be calculated as if (i) the Senior Secured Claims that became Proven Senior Secured Claims after the Credit Acquisition Plan Implementation Date were Proven Senior Secured Claims and not Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date, (ii) the Unresolved Amount was zero on the Credit Acquisition Plan Implementation Date, and (iii) Unpaid Interest on Senior Secured Claims that became Proven Senior Secured Claims after the Credit Acquisition Plan Implementation Date was paid on the Credit Acquisition Plan Implementation Date.
- (3) In the case of a Superior Cash Offer Transaction:
- (a) the Unresolved Senior Claims Reserve shall be comprised of cash in the amount that would have been paid to the Senior Lenders holding Unresolved Senior Claims if the full amount of all Unresolved Senior Claims were Proven Senior Secured Claims on the Plan Implementation Date; and,

- (b) not later than fifteen days (or such later date as may be specified by Order of the Court) following the Final Determination Date, the Monitor shall distribute from the Unresolved Senior Claims Reserve cash plus any interest actually received by the Monitor on account or in respect thereof, to those Senior Lenders whose Unresolved Senior Claims are determined to be Proven Senior Secured Claims after the Plan Implementation Date, following which distribution, any balance of the cash, together with any interest actually received by the Monitor on account or in respect thereof shall be paid to the LP Entities or as otherwise directed in the Superior Cash Offer Sanction Order.

**Section 6.6 Interests in and Encumbrances on Senior Secured Claims**

(1) Not later than fifteen days prior to the Credit Acquisition Plan Implementation Date, each Senior Lender shall deliver to the Monitor with a copy to the Administrative Agent reasonable evidence satisfactory to the Monitor that:

- (a) such Senior Lender is the sole legal and beneficial owner of (i) any Proven Senior Secured Claim of, and any Unresolved Senior Claim asserted by, such Senior Lender, and (ii) accrued and unpaid interest relating to such Claims that such Senior Lender is entitled to claim pursuant to the Senior Credit Agreement or the applicable Hedging Agreements; and
- (b) such Senior Lender's Senior Secured Claim is not subject to any Encumbrance.

(2) In the event that any Senior Lender fails to deliver the evidence referred to in Section 6.6(1) on or before the date specified therein, the Acquireco Debt and the Acquireco Equity that would otherwise be distributed to such Senior Lender in accordance with the Acquireco Capitalization Term Sheet upon implementation of the Plan shall be held by the Monitor pending further Order.

**ARTICLE 7 – QUANTIFYING CLAIMS AND PROCEDURAL MATTERS**

**Section 7.1 Senior Lenders Meeting**

The Initial Order authorizes the holding of the Senior Lenders Meeting to be held pursuant to section 5 of the CCAA to consider and vote upon the Plan, appoints the Monitor as chair of the Senior Lenders Meeting and fixes the Senior Lenders Meeting Date. The Senior Lenders Meeting shall be held in accordance with this Plan, the Initial Order and any further Order made in these proceedings.

**Section 7.2 Approval by Senior Lenders**

In order that the Plan be binding on the Senior Lenders in accordance with the CCAA, it must first be accepted by vote passed by the Class as prescribed by this Plan by a majority in number of the Senior Lenders in the Class who actually vote on the Plan (whether in person or by proxy) at the Senior Lenders Meeting, representing two-thirds in amount of the Accepted

Senior Voting Claims of the Senior Lenders in the Class who actually vote on the Plan (whether in person or by proxy) at the Senior Lenders Meeting.

### **Section 7.3 Procedure for Quantifying Senior Secured Claims**

The procedure for quantifying Senior Secured Claims and resolving disputes for the purposes of this Plan shall be as set forth in the Initial Order, as modified or supplemented by this Plan and any further Order in these proceedings.

### **Section 7.4 Determination of Amounts**

The Implementation Senior Secured Claim Amounts (including the determination of Other Amounts and the amount of any Principal and Other Amounts repayments received after the Filing Date) and the amount of the Unpaid Interest shall be determined on or before the Plan Implementation Date either by the Administrative Agent with the approval of the Monitor or by Order.

### **Section 7.5 Transfer of Senior Secured Claims**

(1) If, after the Filing Date, the holder of a Senior Secured Claim on the Filing Date, or any subsequent holder of the whole of a Senior Secured Claim who has been acknowledged by the Monitor as the Senior Lender in respect of such Senior Secured Claim, transfers or assigns the whole of such Senior Secured Claim to another Person, neither the Administrative Agent, the LP Entities nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Senior Secured Claim as the Senior Lender 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 Administrative Agent on written notice to the Monitor and thereafter such transferee or assignee shall for the purpose hereof constitute the Senior Lender in respect of such Senior Secured Claim. Any such transferee or assignee of a Senior Secured Claim shall be bound by any notices given or steps taken in respect of such Senior Secured Claim in accordance with this Plan and the Initial Order prior to receipt and acknowledgement by the Administrative Agent of satisfactory evidence of such transfer or assignment.

(2) If, after the Filing Date, the holder of a Senior Secured Claim on the Filing Date, or any subsequent holder of the whole of a Senior Secured Claim who has been acknowledged by the Monitor as the Senior Lender in respect of such Senior Secured Claim, transfers or assigns the whole of such Senior Secured Claim to more than one Person or part of such Senior Secured Claim to another Person or Persons, such transfer or assignment shall not create a separate Senior Secured Claim or Senior Secured Claims and such Senior Secured Claim shall continue to constitute and be dealt with as a single Senior Secured Claim notwithstanding such transfer or assignment, and until the Plan is sanctioned or terminated in accordance with its terms the LP Entities, the Administrative Agent and the Monitor shall in each such case not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Senior Secured Claim only as a whole and then only to and with the Person last holding such Senior Secured Claim in whole as the Senior Lender in respect of such Senior Secured Claim, provided such Senior Lender may by notice in writing to the



Monitor direct that subsequent dealings in respect of such Senior Secured Claim, but only as a whole, shall be with a specified Person and in such event, such Senior Lender and such transferee or assignee of the Senior Secured Claim shall be bound by any notices given or steps taken in respect of such Senior Secured Claim with such Person in accordance with this Plan and the Initial Order.

## **ARTICLE 8 –CREDIT ACQUISITION**

### **Section 8.1 Application for Credit Acquisition Sanction Order**

In the event that this Plan is accepted by the Class in accordance with Section 7.2, on the Credit Acquisition Sanction Order Trigger Date the Applicants shall, and the Administrative Agent acting in consultation with the Steering Committee may, apply for the Credit Acquisition Sanction Order. If the Class does not approve this Plan at the Senior Lenders Meeting or any adjourned meeting, the Monitor shall report to the Court as soon as reasonably possible.

### **Section 8.2 Conditions Precedent to Credit Acquisition**

(1) The implementation of the Credit Acquisition is conditional upon the fulfilment or satisfaction of the following conditions, on or before June 30, 2010 as such date may be extended from time to time by the Administrative Agent acting in consultation with the Steering Committee:

- (a) the Credit Acquisition Sanction Order shall have been made and be in form and substance satisfactory to the Administrative Agent, acting in consultation with the Steering Committee and shall have become a Final Order;
- (b) the Cash Reserve Order shall have been made;
- (c) there shall be outstanding no order or decree restraining or enjoining the consummation of the transactions contemplated by this Plan;
- (d) all amounts secured by charges created by the Initial Order shall have been paid by the LP Entities or assumed by Acquireco or provision acceptable to the Court therefor shall have been made by way of the Cash Reserve;
- (e) payment of the Government Priority Claims, the Pension Priority Claims and the Employee Priority Claims shall have been provided for in accordance with Section 5.2(1), Section 5.3(1) and Section 5.4(1), respectively;
- (f) the Prior Ranking Secured Claims shall have been paid, assumed or provided for in accordance with Section 5.5(1);
- (g) each condition in favour of the LP Entities pursuant to the Acquisition and Assumption Agreement shall have been fulfilled or performed or have been waived by the LP Entities;

- (h) the LP Entities shall have complied with all of their respective obligations under the Initial Order and the Support Agreement or the requirement to comply with such obligations shall have been waived by the Administrative Agent acting in consultation with the Steering Committee;
- (i) each condition in favour of Acquireco pursuant to the Acquisition and Assumption Agreement shall have been fulfilled or performed or have been waived by Acquireco in its discretion; and
- (j) the execution and delivery by all relevant Persons of all other documentation and the taking of all other actions necessary to give effect to all material terms and provisions of this Plan.

(2) The conditions precedent set out in Section 8.2(1)(a), Section 8.2(1)(b), Section 8.2(1)(c), Section 8.2(1)(d) and Section 8.2(1)(f) are for the mutual benefit of the Senior Lenders and the LP Entities and may be waived in whole or in part only in writing by joint action of the Administrative Agent acting in consultation with the Steering Committee and the LP Parties.

(3) The condition precedent set out in Section 8.2(1)(e) may not be waived.

(4) The condition precedent set out in Section 8.2(1)(g) is for the exclusive benefit of the LP Entities and may be waived in whole or in part only in writing by the LP Entities or by Order; and

(5) The conditions precedent set out in Section 8.2(1)(h), Section 8.2(1)(i) and Section 8.2(1)(j) are for the exclusive benefit of the Senior Lenders and may be waived in whole or in part only in writing by the Administrative Agent acting in consultation with the Steering Committee.

### **Section 8.3 Intercompany Transfers**

Upon the satisfaction or waiver in accordance with the provisions of this Plan of all conditions precedent to the implementation of the Credit Acquisition set out in Section 8.2, the LP Entities shall enter into the transactions described below on the Credit Acquisition Plan Implementation Date (collectively, the “**Intercompany Transfers**”), prior to the implementation of the transactions described in Section 8.4:

- (a) all right, title and interest in and to the Canwest Books Assets shall vest absolutely in CPI free and clear of and from any and all Encumbrances in consideration for the issuance by CPI to Canwest Books of a non-interest bearing demand promissory note with a principal amount equal to the aggregate fair market value of the Canwest Books Assets immediately prior to the Credit Acquisition Implementation Date;
- (b) all right, title and interest in and to the Canwest GP Assets shall vest absolutely in CPI free and clear of and from any and all Encumbrances in consideration for the issuance by CPI to Canwest GP of a non-interest bearing demand promissory note

with a principal amount equal to the aggregate fair market value of the Canwest GP Assets immediately prior to the Credit Acquisition Implementation Date; and

- (c) all right, title and interest in and to the CLP Assets shall vest absolutely in CPI free and clear of and from any and all Encumbrances (other than Prior Ranking Secured Claims expressly assumed by Acquireco) and all employees of CLP will be transferred to CPI by way of notification in consideration for (i) the assumption by CPI of all Liabilities (as defined in the Acquisition and Assumption Agreement) of CLP, Canwest Books or Canwest GP immediately prior to the Credit Acquisition Implementation Date that constitute Assumed Liabilities under the Acquisition and Assumption Agreement, and (ii) the issuance of 100 common shares of CPI. CLP and CPI will file a joint election under section 85 of the ITA, and any corresponding provision of an applicable provincial taxing statute, in respect of this transfer.

#### **Section 8.4 Credit Acquisition**

Upon the satisfaction or waiver in accordance with the provisions of this Plan of all conditions precedent to the implementation of the Credit Acquisition set out in Section 8.2, Acquireco, the Senior Lenders and the LP Entities shall enter into the transactions described below (collectively, the “**Credit Acquisition**”) on the Credit Acquisition Plan Implementation Date in the same sequence that such steps appear below:

##### **Transfer of Amounts to Monitor**

- (a) CPI shall pay to the Monitor in trust in immediately available funds the amount of the Cash Reserve for deposit in the Cash Reserve Account in accordance with the Cash Reserve Order;
- (b) CPI shall pay to the Monitor in trust in immediately available funds the amount of the cash to be included in the Unresolved Senior Claims Reserve in accordance with Section 6.5(2)(c);

##### **Payment of Unpaid Interest and Administrative Agent Claims**

- (c) to the extent that there exists on the Plan Implementation Date sufficient LP Plan Entity Cash and Cash Equivalents to do so, CPI shall pay to the Administrative Agent pursuant to the CPI Guarantee, firstly, all Administrative Agent Claims and, secondly, Unpaid Interest outstanding or accrued as of the Plan Implementation Date;
- (d) in the event that there does not exist on the Plan Implementation Date sufficient LP Plan Entity Cash and Cash Equivalents to enable CPI to pay the outstanding and accrued Administrative Agent Claims and Unpaid Interest pursuant to Section 8.4(c) (such deficiency being referred to herein as the “**PID Cash Deficiency**”), the obligation to pay, firstly, to the extent necessary because of the PID Cash Deficiency Unpaid Interest and, secondly, to the extent necessary

because of the PID Cash Deficiency the Administrative Agent Claims in the amount of such PID Cash Deficiency shall be assumed by Acquireco to be paid when due;

**Acquisition of Senior Secured Claims by Acquireco**

- (e) each Senior Lender shall be deemed to have transferred its outstanding Senior Secured Claim net of amounts, if any, paid to such Senior Lender under the terms of the Plan on the Plan Implementation Date (for greater certainty, including Unresolved Senior Claims and excluding the Administrative Agent Claims) and Senior Security pertaining thereto to Acquireco in exchange for such Senior Lender's Pro Rata Share of the (i) Acquireco Debt, and (ii) Acquireco Equity (based on the number of shares of all three classes of shares and not of each class), each in accordance with the Acquireco Capitalization Term Sheet, whereupon Acquireco shall become the only lender under the Senior Credit Agreement and shall be the only holder of Senior Secured Claims other than Administrative Agent Claims arising after the Plan Implementation Date;
- (f) each Senior Lender shall be deemed to have transferred to Acquireco pursuant to Section 8.4(e) and Acquireco shall be deemed to have acquired from such Senior Lender such Senior Lender's outstanding Senior Secured Claim net of amounts, if any, paid to such Senior Lender under the terms of the Plan on the Plan Implementation Date (for greater certainty, including Unresolved Senior Claims and excluding the Administrative Agent Claims) and Senior Security pertaining thereto at a value equal to the aggregate amount of such outstanding Senior Secured Claim net of amounts, if any, paid to such Senior Lender under the terms of the Plan on the Plan Implementation Date, or in the case of Unresolved Senior Claims set aside in cash in the Unresolved senior Claims Reserve and subsequently paid to such Senior Lender, and Acquireco and such Senior Lender shall not make any Canadian or provincial tax filing on a basis inconsistent with this Section 8.4(f);
- (g) subject to Section 6.5 each Senior Lender's Pro Rata Share of (i) the Acquireco Debt shall be distributed on the Credit Acquisition Plan Implementation Date in accordance with the Acquireco Capitalization Term Sheet, and (ii) the Acquireco Equity (based on the number of shares of all three classes of shares and not of each class) shall be distributed on or after the Credit Acquisition Plan Implementation Date in accordance with the Acquireco Capitalization Term Sheet, together in full and final exchange for such Senior Lender's Senior Secured Claim;
- (h) all right, title and interest in and to the Senior Secured Claims transferred to Acquireco pursuant to Section 8.4(e) shall vest absolutely in Acquireco free and clear of and from any and all Encumbrances;
- (i) for the purposes of any Encumbrances on or against any Senior Lender's Senior Secured Claim that is transferred to Acquireco pursuant to Section 8.4(e), the

Acquireco Equity and the Acquireco Debt to be distributed in respect of such Senior Lender's Senior Secured Claim shall stand in the place and stead of such Senior Secured Claim, and all Encumbrances on or against such Senior Secured Claim shall attach to the interest in the Acquireco Equity and the Acquireco Debt to be distributed in respect such Senior Lender's Senior Secured Claim with the same priority as they had immediately prior to the implementation of the Plan, as if such Senior Secured Claim had not been transferred to Acquireco and had remained the property of such Senior Lender immediately prior to the implementation of the Plan;

**Transfer of Unresolved Senior Claims Reserve Amounts to Monitor**

- (j) Acquireco shall distribute to the Monitor Acquireco Debt and Acquireco Equity to be used by the Monitor for the purpose of establishing the Unresolved Senior Claims Reserve in accordance with Section 6.5;

**Acquisition of CPI Assets/Assumption of CPI Liabilities by Acquireco**

- (k) the stay of proceedings provided for in the Initial Order shall be lifted to permit Acquireco to deliver a demand to CPI in respect of CPI's obligations pursuant to the CPI Guarantee (the "Demand");
- (l) Acquireco shall deliver the Demand;
- (m) Acquireco shall deliver an Acceleration Notice and Direction and Tag Along Notice to the Collateral Agent;
- (n) CPI shall be deemed to have consented to the immediate enforcement by the Collateral Agent of Acquireco's security in the Acquired Assets;
- (o) the transactions contemplated by section 2.1(1) of the Acquisition and Assumption Agreement shall occur and Acquireco shall acquire the remaining Acquired Assets, in each case on the terms and in the manner contemplated by the Acquisition and Assumption Agreement;
- (p) all right, title and interest in and to the Acquired Assets acquired by Acquireco pursuant to Section 8.4(o) shall vest absolutely in Acquireco free and clear of and from any and all Encumbrances (other than Prior Ranking Secured Claims expressly assumed by Acquireco), including without limitation any amounts in the Cash Reserve Account that are not used by the Monitor in accordance with the Cash Reserve Order to pay Cash Reserve Costs ;
- (q) the other steps, actions, transactions and matters contemplated by the Acquisition and Assumption Agreement shall be taken and shall occur and be dealt with on the terms and in the manner contemplated by the Acquisition and Assumption Agreement;

- (r) all of the assets of the LP Entities that do not constitute Acquired Assets shall remain the property of the LP Entities;

**Compromise of Senior Secured Claims**

- (s) the Senior Secured Claims shall be deemed to have been satisfied in an amount equal to the Reference Amount;
- (t) the Senior Secured Claims in an amount equal to the Discount Amount shall constitute outstanding unsecured claims against the LP Entities and will be owned by Acquireco;
- (u) the Collateral Agent and the Administrative Agent shall be deemed to have been authorized and directed pursuant to the provisions of the Plan to irrevocably release and discharge all security interests, hypothecs, mortgages, liens and guarantees granted by the LP Entities in favour of the Collateral Agent pursuant to and in connection with the Senior Security, provided that notwithstanding such release and discharge and notwithstanding any other provision in the Plan, after the Plan Implementation Date the Senior Secured Claims shall continue to have priority over and rank senior to any Claim which by agreement, statute, operation of law or equity, or otherwise is subordinate to the Senior Secured Claims (other than the priority afforded to the Senior Secured Claims over general unsecured claims arising solely by reason of the holding of security) immediately prior to the Plan Implementation Date;

**Other Matters**

- (v) CLP shall be deemed to owe the CLP Subrogated Debt to CPI; and
- (w) all actions contemplated by this Plan shall be deemed authorized and approved in all respects.

**Section 8.5 Acquireco Capitalization Term Sheet**

The Acquireco Capitalization Term Sheet will be kept confidential unless and until any application is made for the Credit Acquisition Sanction Order.

**ARTICLE 9 – SUPERIOR CASH OFFER TRANSACTION**

**Section 9.1 Application for Superior Cash Offer Sanction Order**

In the event that this Plan is accepted by the Class in accordance with Section 7.2 and a Superior Cash Offer is received and is to be closed not later than sixty days after the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP), the Applicants shall apply for the Superior Cash Offer Sanction Order and not the Credit Acquisition Sanction Order.

**Section 9.2 Conditions Precedent to Superior Cash Offer Transaction**

- (1) The implementation of a Superior Cash Offer Transaction is conditional upon the fulfilment or satisfaction of the following conditions within sixty days after the Phase 2 Bid Deadline, or such longer period as permitted pursuant to the SISP:
- (a) the Superior Cash Offer Sanction Order shall have been made and shall have become a Final Order;
  - (b) there shall be outstanding no order or decree restraining or enjoining the confirmation of the transactions contemplated by this Plan;
  - (c) the Prior Ranking Secured Claims shall have been paid, assumed or provided for in accordance with Section 5.5(2);
  - (d) payment of the Government Priority Claims, the Pension Priority Claims and the Employee Priority Claims shall have been provided for in accordance with Section 5.2(2), Section 5.3(2) and Section 5.4(2) respectively;
  - (e) the Administrative Agent shall have received, or escrow arrangements satisfactory to the Administrative Agent shall have been made to ensure that it receives on the Superior Cash Offer Plan Implementation Date, from or on behalf of the LP Entities in immediately available funds an amount equal to the aggregate amount of all Implementation Senior Secured Claim Amounts plus Unpaid Interest plus all Administrative Agent Claims less the Discount Amount for distribution to the Senior Lenders in indefeasible repayment in full of the Senior Secured Claims in accordance with the terms and conditions of the Senior Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement;
  - (f) the Monitor shall have received, or escrow arrangements satisfactory to the Administrative Agent shall have been made to ensure that the Monitor receives, from or on behalf of the LP Entities in immediately available funds an amount equal to the amount of the Unresolved Senior Claims Reserve established in accordance with Section 6.5; and
  - (g) the execution and delivery by all relevant Persons of all other documentation and the taking of all other actions necessary to give effect to all material terms and provisions of this Plan.
- (2) The conditions precedent set out in Section 9.2(1)(a), Section 9.2(1)(b) and Section 9.2(1)(c) are for the mutual benefit of the Senior Lenders and the LP Entities.
- (3) The conditions precedent set out in Section 9.2(1)(d), Section 9.2(1)(e) and Section 9.2(1)(f) may not be waived.

(4) The condition precedent set out in Section 9.2(1)(g) is for the exclusive benefit of the Senior Lenders and may be waived in whole or in part only in writing by the Administrative Agent acting in consultation with the Steering Committee.

### **Section 9.3 Superior Cash Offer Transaction**

In the event that a Superior Cash Offer is received and is to be closed not later than sixty days after the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP), and all conditions precedent to the implementation of a Superior Cash Offer Transaction set out in Section 9.2 have been satisfied or waived:

- (a) each Senior Lender holding a Proven Senior Secured Claim shall receive pursuant to the terms of the Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement as soon as reasonably practicable following the later of (i) the Superior Cash Offer Plan Implementation Date, and (ii) the date upon which such Senior Lender's entire Senior Secured Claim becomes a Proven Senior Secured Claim, such Senior Lender's Pro Rata Share of the Reference Amount in indefeasible repayment in full of its Senior Secured Claim; and
- (b) the Collateral Agent and the Administrative Agent shall be deemed to have been authorized and directed pursuant to the provisions of the Plan to irrevocably release and discharge all security interests, hypothecs, mortgages, liens and guarantees granted by the LP Entities in favour of the Collateral Agent pursuant to and in connection with the Senior Security.

## **ARTICLE 10 – SUPERIOR ALTERNATIVE OFFER**

### **Section 10.1 Superior Alternative Offer**

In the event that a Superior Alternative Offer closes not later than sixty days after the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP), the LP Entities will not proceed under Article 8 or Article 9 and this Plan shall terminate unless otherwise provided pursuant to such Superior Alternative Offer.

## **ARTICLE 11 – AMENDMENT AND TERMINATION OF PLAN**

### **Section 11.1 Amendment of Plan Prior to Approval**

Upon providing notice to the Monitor and the LP Entities, the Administrative Agent in consultation with the Steering Committee shall have the right to file any modification of or amendment to the Plan by way of a supplementary plan or plans of compromise or arrangement, filed with the Court at any time or from time to time prior to the conducting of the vote under the Plan by the Class of Senior Lenders at the Senior Lenders Meeting convened by the Monitor for that purpose, in which case any such supplementary plan or plans of compromise or arrangement shall, for all purposes, be and be deemed to be part of and incorporated into the Plan. The Monitor shall give notice of the details of any modifications or amendments by publication or



otherwise to all Senior Lenders at least five Business Days prior to the Senior Lenders Meeting the vote being taken to approve the Plan.

### **Section 11.2 Amendment of Plan Following Approval**

After the Senior Lenders Meeting at which the Plan has been approved (and whether before or after the Sanction Order is made), the Administrative Agent in consultation with the Steering Committee may at any time and from time to time vary, amend, modify, or supplement the Plan or the Acquireco Capitalization Term Sheet in writing if such variation, amendment, modification or supplement either is non-material (for greater certainty any changes to the principal amount of the term indebtedness of Acquireco pursuant to the Acquireco Capitalization Term Sheet being deemed to be material except as expressly permitted under the terms of the Acquireco Capitalization Term Sheet) and approved by an Order or, if material, is approved by the same voting majority of Senior Lenders of the Class as is required hereunder to approve the Plan and approved by an Order.

## **ARTICLE 12– PLAN ADMINISTRATION**

### **Section 12.1 Administration**

Subject to the provisions of this Plan, the Monitor shall after the Plan Implementation Date continue to exercise the powers and authorities previously granted to the Monitor by the Court or pursuant to the CCAA. Notwithstanding the foregoing, after the Credit Acquisition Plan Implementation Date no material decisions or steps shall be taken by the Monitor in respect of the administration of the Cash Reserve or the Unresolved Senior Claims Reserve without obtaining either the prior written consent of the Administrative Agent in consultation with the Steering Committee or prior approval of the Court on notice to the Administrative Agent.

### **Section 12.2 Cash Reserve**

The Monitor shall establish the Cash Reserve on the Credit Acquisition Plan Implementation Date in accordance with the Cash Reserve Order. From time to time after the Credit Acquisition Plan Implementation Date, the Monitor may (i) pay from the Cash Reserve the Cash Reserve Costs, and (ii) reduce the amount of the Cash Reserve as and to the extent it is no longer required to satisfy the Cash Reserve Costs by distributing to Acquireco the amount of such reductions, in each case in accordance with the Cash Reserve Order. Any residual balance in the Cash Reserve after the payment of the Cash Reserve Costs shall be an asset of and owned by Acquireco.

### **Section 12.3 Implementation Authority**

- (1) In the event that this Plan is approved by the Class in accordance with this Plan, the Administrative Agent, acting in consultation with the Steering Committee:
  - (a) shall be authorized to take commercially reasonable steps to organize Acquireco, establish Acquireco's initial board of directors with a membership determined through a search process conducted by the Administrative Agent acting in

consultation with the Steering Committee, designed to obtain board participation from independent, respected individuals (at least 75% of which will be Canadian citizens) having the experience, reputation, contacts and skills which are relevant to the success of Acquireco's business (and not to be representatives of specific creditor interests), with a view to obtaining a strong board that will be independent of Acquireco management and the individual Secured Lenders; and

- (b) shall be authorized to and may issue, execute, deliver, file, make or record such contracts, instruments, releases, elections and other agreements or documents and take such all other steps or actions as may be considered necessary or appropriate by the Administrative Agent, acting in consultation with the Steering Committee, to pursue and effectuate and implement the Credit Acquisition and the other elements of this Plan or the Acquireco Capitalization Term Sheet without the need for any approval, authorization or consent except for those expressly required pursuant to the Plan or the Acquireco Capitalization Term Sheet.

(2) Notwithstanding that the Senior Secured Claims include Claims that arise under the Hedging Agreements as well as Claims that arise under the Senior Credit Agreement, in taking any action or omitting to take any action pursuant to the authority granted to the Administrative Agent pursuant to or in accordance with the provisions of this Plan, the Administrative Agent is and shall be deemed to be acting in its capacity as agent on behalf of the Lenders pursuant to the Senior Credit Agreement and the Administrative Agent and its advisors shall have no additional obligations or liabilities to any Senior Lender by virtue of any acts or omissions under or in relation to this Plan, and the obligations and liabilities, if any, of the Administrative Agent and its advisors shall remain fully subject to and are limited by the terms of the Senior Credit Agreement.

#### **Section 12.4 Effectuating Documents and Further Transactions**

On and after the Credit Acquisition Plan Implementation Date, Acquireco and the members of its board of directors shall be authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of this Plan and the securities issued pursuant to this Plan in the name of and on behalf of Acquireco without the need for any approval, authorization or consent except for those expressly required pursuant to the Plan.

#### **Section 12.5 Advice and Directions**

The Monitor, the LP Entities and the Administrative Agent shall be entitled to apply to the Court from time to time for advice and directions concerning the implementation, operation and administration of this Plan.

**ARTICLE 13 - MISCELLANEOUS****Section 13.1 Exculpation and Limitation of Liability**

(1) None of the LP Entities, the Monitor, the Administrative Agent, the Senior Lenders, Acquireco, any individual, corporation or other entity that was at any time formerly a Senior Lender, the Steering Committee or any other committee of holders of Senior Secured Claims, the DIP Lenders, the Collateral Agent, or any of their respective present or former members, officers, directors, employees, direct or indirect advisors, attorneys, or agents, shall have or incur any liability to any holder of a Senior Secured Claim, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the LP Entities' CCAA proceedings initiated by the Initial Order, formulating, negotiating or implementing the Plan or the Support Agreement, the solicitation of acceptances of the Plan or the Support Agreement, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their wilful misconduct, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(2) The LP Entities hereby jointly and severally fully indemnify each of the Indemnitees against any manner of actions, causes of action, suits, proceedings, liabilities and claims of any nature, costs and expenses (including reasonable legal fees) which may be incurred by such Indemnitee or asserted against such Indemnitee arising out of or during the course of, or otherwise in connection with or in any way related to, the negotiation, preparation, formulation, solicitation, dissemination, implementation, confirmation and consummation of the Plan, other than any liabilities to the extent arising from the gross negligence or willful or intentional misconduct of any Indemnitee or any breach by Acquireco of the terms of the Acquisition and Assumption Agreement as determined by a final judgment of a court of competent jurisdiction. If any claim, action or proceeding is brought or asserted against an Indemnitee in respect of which indemnity may be sought from any of the LP Entities, the Indemnitee shall promptly notify the LP Entities in writing, and the LP Entities may assume the defence thereof, including the employment of counsel reasonably satisfactory to the Indemnitee, and the payment of all costs and expenses. The Indemnitee shall have the right to employ separate counsel in any such claim, action or proceeding and to consult with the LP Entities in the defence thereof and the fees and expenses of such counsel shall be at the expense of the LP Entities unless and until the LP Entities shall have assumed the defence of such claim, action or proceeding. If the named parties to any such claim, action or proceeding (including any impleaded parties) include both the Indemnitee and any of the LP Entities, and the Indemnitee reasonably believes that the joint representation of such entity and the Indemnitee may result in a conflict of interest, the Indemnitee may notify the LP Entities in writing that it elects to employ separate counsel at the expense of the LP Entities, and the LP Entities shall not have the right to assume the defence of such action or proceeding on behalf of the Indemnitee. In addition, the LP Entities shall not affect any settlement or release from liability in connection with any matter for which the Indemnitee would have the right to indemnification from the LP Entities, unless such settlement

contains a full and unconditional release of the Indemnitee, or a release of the Indemnitee satisfactory in form and substance to the Indemnitee.

### **Section 13.2 Releases**

- (1) On the Plan Implementation Date, the LP Entities shall be deemed to have released the Indemnitees and the Monitor, from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether based on contract, negligence or other tort, fiduciary duty, common law, equity, statute or otherwise, whether known or unknown, whether foreseen or unforeseen, arising on or before the Plan Implementation Date (other than any claims, obligations, rights, causes of action, and liabilities arising from fraud as determined by a final judgment of a court of competent jurisdiction) which such LP Entities may have for, upon or by reason of any matter, cause or thing whatsoever, which are based upon, arise under or are related to the Senior Credit Agreement, Hedging Agreements, Collateral Agency Agreement or Senior Secured Claims .
- (2) On the Plan Implementation Date unless otherwise ordered by the Court, the Senior Lenders shall be deemed to have released the Monitor and the present and former officers and directors of the LP Entities from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether known or unknown, whether foreseen or unforeseen, arising on or before the Plan Implementation Date, which such Senior Lenders may have for, upon or by reason of any matter, cause or thing whatsoever, which are based upon, arise under or are related to the Senior Credit Agreement, Hedging Agreements, Collateral Agency Agreement or Senior Secured Claims, provided that (i) nothing herein will release any of the present or former officers or directors of the LP Entities in respect of any claim, obligations right, cause of action, or liability referred to in section 5.1(2) of the CCAA, and (ii) the release set out in this Section 13.2(2) is not a condition of this Plan and, accordingly, in the event that the Court declares pursuant to Section 5.1(3) of the CCAA that any claim against any present or former officer or director of any of the LP Entities (that would otherwise be released under this Section 13.2(2)) shall not be compromised or released, the remaining provisions of this Plan shall continue to remain operative and in full force and effect.

### **Section 13.3 Effect of Plan Generally**

On the Plan Implementation Date the treatment of Senior Secured Claims under this Plan shall be final and binding on the LP Entities and all Senior Lenders.

### **Section 13.4 Paramountcy**

From and after the Plan Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any Loan Document or Hedging Agreement and all amendments or supplements thereto existing between one or more of the Senior Lenders 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 Order, which shall take precedence and priority.

**Section 13.5 Compromise Effective for all Purposes**

The compromise or other satisfaction of any Senior Secured Claim under this Plan, from and after the Plan Implementation Date shall be binding upon such Senior Lender, its heirs, executors, administrators, successors and assigns for all purposes as against the LP Entities.

**Section 13.6 Participation in Different Capacity**

Senior Lenders whose Senior Secured Claims are affected by this Plan may be affected in more than one capacity. Each such Senior Lender shall be entitled to participate hereunder separately in each such capacity. Any action taken by a Senior Lender in any one capacity shall not affect the Senior Lender in any other capacity unless the Senior Lender agrees in writing.

**Section 13.7 Consent, Waivers and Agreements**

As at 12:01 a.m. on the Plan Implementation Date, each Senior Lender shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Senior Lender shall be deemed to have executed and delivered to the Monitor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety.

**Section 13.8 Deeming Provisions**

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

**Section 13.9 Notices**

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 described below or to any other address, fax number, email address 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 or email 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 or email 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.

- (1) If to any of the LP Entities:

c/o Canwest Limited Partnership  
1450 Don Mills Road  
Don Mills, Ontario  
M3B 2X7

Attention: Doug Lamb, Executive Vice President and Chief Financial Officer  
Fax: 416.442.2135  
Email: dlamb@canwest.com

with a copy to:

CRS Inc.  
541 Arrowhead Road  
Mississauga, Ontario  
L5H 1V5

Attention: Gary F. Colter,  
Fax: 905-891-7036  
email: colter@crsgfc.ca

and with a copy to:

Osler, Hoskin & Harcourt LLP  
100 King Street West  
1 First Canadian Place  
Suite 6100  
Toronto, Ontario  
M5X 1B8

Attention: Edward Sellers  
Fax: 416-862-6666  
email: esellers@osler.com

(2) If to the Monitor:

FTI Consulting Canada Inc.  
TD Waterhouse Tower  
79 Wellington St. West  
Suite 2010, P.O. Box 104  
Toronto, Ontario  
M5K 1G8

Attention: Paul Bishop, Senior Managing Director  
Fax: 416.649.8101  
Email: paul.bishop@fticonsulting.com

with a copy to:

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay St.  
Toronto, Ontario  
M5L 1B9

Attention: David Byers  
Fax: 416.869.5697

Email: dbyers@stikeman.com

(3) If to the Administrative Agent:

The Bank of Nova Scotia  
62nd Floor, 40 King Street West

Scotia Plaza  
Toronto, Ontario  
M5W 2X6

Attention: Robert King  
Fax: 416.866.2010  
Email: rob\_king@scotiacapital.com

with a copy to:

McMillan LLP  
Bay Wellington Tower  
Brookfield Place, Suite 4400  
181 Bay Street  
Toronto, Ontario  
M5J 2T3

Attention: Andrew J.F. Kent  
Fax: 416.865.7048  
Email: andrew.kent@mcmillan.ca

(4) If to a Senior Lender:

To the address for notice specified in the Senior Credit Agreement or the Hedging Agreements, as applicable.

**Section 13.10 Further Assurances**

Notwithstanding that some of the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall from time to time promptly execute and deliver all further documents and take all further action reasonably necessary to better implement this Plan.

Dated at Toronto the 8<sup>th</sup> day of January, 2010.

SCHEDULE "1.1(8)"

ACQUISITION AND ASSUMPTION AGREEMENT

See attached.



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**ACQUISITION AND ASSUMPTION AGREEMENT**

Dated as of ●, 2010

Between

**7272049 CANADA INC.**

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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## ACQUISITION AND ASSUMPTION AGREEMENT

This Agreement is dated as of ●, 2010 between

**7272049 CANADA INC.**  
**("Acquireco")**

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. Canwest LP is in default of its obligations under the Senior Credit Agreement.
- B. Canwest LP was party to the Hedging Agreements, which were terminated on or about June 1, 2009 and pursuant to which termination payments and interest thereon are outstanding and due by Canwest LP.
- C. CPI has guaranteed amounts owing by Canwest LP under the Senior Credit Agreement and Hedging Agreements pursuant to the Omnibus Guarantee executed on July 10, 2007 by CPI and all of the Guarantors (as that term is defined in the Omnibus Guarantee), in favour of the Administrative Agent on behalf of itself and the other Senior Lenders (the "**CPI Guarantee**").

D. On the Acquisition Date, pursuant to the Plan the lenders under the Senior Credit Agreement and Hedging Agreements will have assigned rights to and interests under the Senior Credit Agreement and Hedging Agreements, respectively, to Acquireco.

E. On the Acquisition Date, Acquireco will have enforced its security on and will acquire the Acquired Assets (which include certain assets of Canwest GP and substantially all of the assets of Canwest Books and Canwest LP that CPI will acquire from Canwest Books, Canwest GP and Canwest LP prior to the Acquisition Date) pursuant hereto as a consequence of the LP Entities' failure to pay (the "**Failure to Pay**") (i) amounts owing under the Senior Credit Agreement; (ii) amounts owing pursuant to the Hedging Agreements representing termination payments thereunder; and (iii) the CPI Guarantee, respectively.

F. On the Acquisition Date, Acquireco will assume the Assumed Liabilities (which include certain Liabilities of Canwest LP that CPI will assume from Canwest LP prior to the Acquisition Date) pursuant to and in accordance with the terms of this Agreement.

The Parties agree as follows:

## ARTICLE 1 – INTERPRETATION

### Section 1.1 Definitions

In this Agreement:

- (1) "**Accounts Receivable**" means all accounts receivable, notes receivable, loans receivable and other evidences of Indebtedness and rights of CPI to receive payment and the security arrangements and collateral securing the repayment and satisfaction of the foregoing.
- (2) "**Acquireco Assumed Benefit Plans**" has the meaning given to it in Section 5.2(1)(a).
- (3) "**Acquireco Benefit Plans**" means the employee benefit plans, agreements, and other similar arrangements existing or established by Acquireco to provide benefits to the Transferred Employees and former employees of the LP Entities as contemplated under Section 5.2 and in respect of which Acquireco sponsors or is obligated to contribute to, or is in any way liable, pursuant to the terms of this Agreement, including bonus, deferred compensation, incentive compensation, share purchase, share appreciation, share option, severance and termination pay, hospitalization, health and other medical benefits, 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, the Acquireco Assumed Pension Plans, the Acquireco Established Pension Plans or Acquireco Elected Pension Plans, as the case may be, and any registered retirement savings arrangements), except that the term "Acquireco Benefit Plans" shall not include any statutory plans which Acquireco is required to provide or participate in, including the Canada/Quebec Pension Plan and plans administered pursuant to applicable provincial health tax, workers' compensation and workers' safety and employment legislation.

- (4) **“Acquireco Elected Benefit Plans”** has the meaning given to it in Section 5.5(4)
- (5) **“Acquireco Assumed Pension Plans”** has the meaning given to it in Section 5.3(1).
- (6) **“Acquireco Elected Pension Plans”** has the meaning given to it in Section 5.5(2).
- (7) **“Acquireco Established Pension Plans”** has the meaning given to it in Section 5.3(1)(d).
- (8) **“Acquired Assets”** means all right, title and interest in and to all properties, assets, interests and rights which are related to the Business or which CPI otherwise has an interest, or which are used by or which are in the possession or control of CPI, or which immediately before the completion of the Intercompany Transfers any of the other LP Entities otherwise had an interest or which were used by or which were in the possession or control of any of the other LP Entities, including the following:
  - (a) the Accounts Receivable, including all debts owed by National Post to CPI;
  - (b) the Actions;
  - (c) the Books and Records;
  - (d) the Contracts;
  - (e) the Goodwill;
  - (f) the Intellectual Property;
  - (g) the Inventory;
  - (h) the Licences;
  - (i) the Personal Property Leases;
  - (j) the Prepaid Expenses;
  - (k) the Real Property;
  - (l) the Real Property Leases;
  - (m) the shares of National Post, and
  - (n) the Tangible Personal Property,

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

- (9) **“Acquisition”** means the acquisition by Acquireco of the Acquired Assets and other assets as contemplated by this Agreement.
- (10) **“Acquisition Date”** means the Plan Implementation Date or such other date as may be agreed by the Parties.
- (11) **“Acquisition Time”** means 12:00 p.m. on the Acquisition Date.
- (12) **“Actions”** means all rights of action and claims whatsoever of CPI (including for greater certainty all rights of action and claims that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers) 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.
- (13) **“Administrative Agent”** means The Bank of Nova Scotia or any successor in its capacity as Administrative Agent for the Senior Lenders under the Senior Credit Agreement.
- (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 present or future 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) **“Assumed Liabilities”** means the Liabilities identified in Section 2.1(1)(d) and 2.1(1)(e) and the Deferred Revenue Obligations.
- (18) **“Benefits Assignment and Assumption Agreement”** has the meaning given to it in Section 5.2(1)(a).
- (19) **“Books and Records”** means the Financial Records, the corporate charters, minute and share record books and corporate seals of National Post, and all other books, records, files and papers of CPI (including for greater certainty all Financial Records and all other books, records, files and papers that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers) 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.

(20) **"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 immediately prior to the completion of the Intercompany Transfers, including the businesses described in Schedule 1.1(20).

(21) **"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.

(22) **"Canadian Dollars"** and the symbol "\$" each means the lawful currency of Canada.

(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, CPI (including for greater certainty all cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents of Canwest Books, Canwest GP and Canwest LP, and all of the cheques and cheque books of Canwest Books, Canwest GP and Canwest LP, that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers).

(24) **"Cash Reserve"** has the meaning given to it in the Plan.

(25) **"CCAA"** means *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended from time to time.

(26) **"CCAA Case"** means the proceedings commenced by way of an application for an initial order pursuant to the CCAA filed by Canwest Books, Canwest GP and CPI.

(27) **"CCAA Court"** means the Ontario Superior Court of Justice (Commercial List).

(28) **"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 date on which the Initial Order is made.

(29) **"Commissioner"** means the Commissioner of Competition under the *Competition Act* (Canada).

(30) **"Competition Act Approval"** means the applicable waiting period under section 123 of the *Competition Act* (Canada) shall have expired and neither Acquireco nor CPI shall have been advised in writing by the Commissioner that the Commissioner has determined to make an application for an order under section 92 or 100 of the *Competition Act* (Canada) in respect of the acquisition of the Acquired Assets by Acquireco; and

- (a) 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 the Commissioner 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 of the Acquired Assets by Acquireco; or
- (b) the Commissioner shall have issued a "no-action letter" whether pursuant to section 123(1) of the *Competition Act* (Canada) or otherwise, whereby the Commissioner provides written notice that the Commissioner does not intend, at that time, to make an application under section 92 of the *Competition Act* (Canada) in respect of the acquisition of the Acquired Assets by Acquireco.

(31) **"Computer Systems"** means all computer hardware, peripheral equipment, software and firmware, processed data, technology infrastructure and other computer systems and services that are used by CPI (including for greater certainty all computer hardware, peripheral equipment, software and firmware, processed data, technology infrastructure and other computer systems and services of Canwest Books, Canwest GP and Canwest LP that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers) to receive, store, process or transmit data, to carry on the Business, to carry on its day to day operations and affairs, or otherwise.

(32) **"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 Contract, Personal Property Lease or Real Property Lease in connection with the acquisition of the Acquired Assets by Acquireco on the terms contemplated in this Agreement, to permit Acquireco 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.

(33) **"Contaminant"** means any substance, product, element, radiation, vibration, sound or matter included in any definition of "hazardous product," "dangerous goods," "waste," "toxic substance," "contaminant," "pollutant," "deleterious substance" or words of similar import defined under any Environmental Law, or the presence of which in the environment is likely to affect adversely the quality of the environment in any way.

(34) **"Contracts"** means all contracts and agreements to which CPI (including all contract and agreements of Canwest Books, Canwest GP and Canwest LP that were or will be assigned to CPI, or in respect of which CPI acquired or will acquire the benefit, in connection with the Intercompany Transfers) is a party as at the Acquisition Time (other than the Personal Property Leases and the Real Property Leases, but including the CPI Leased Property Leases).

(35) **"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.

(36) **"CPI Benefit Plans"** means the employee benefit plans, agreements, arrangements (whether oral or written, formal or informal, funded or unfunded) described in Schedule 7.8(1) that are maintained for, available to, or otherwise relating to any Employee or former employee of any LP Entity or in respect of 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 CPI Pension Plans or registered retirement savings arrangements), except that the term **"CPI Benefit Plans"** shall not include any Multi-Employer Plans or statutory plans which any LP Entity is required to provide or participate in, including but not limited to the Canada/Quebec Pension Plan and plans required by or administered pursuant to applicable provincial health tax, workers' compensation and workers' safety and employment legislation.

(37) **"CPI Debt"** means the 11% notes owing by CPI to Canwest LP with an aggregate principal amount of \$2,250,000,000.

(38) **"CPI Guarantee"** has the meaning given to it in Recital C.

(39) **"CPI 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 CPI 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, all of which CPI Leased Property Leases are listed on Schedule 1.1(39).

(40) **"CPI Pension Plans"** means each of the defined benefit and defined contribution pension plans described in Schedule 7.8(1) that are sponsored 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.

- (41) **"Deferred Revenue Obligations"** means obligations in respect of prepaid circulation and advertising revenues of the Business to be satisfied following the Acquisition Time.
- (42) **"Designated Acquireco"** has the meaning given to it in Section 12.3.
- (43) **"DIP Claims"** has the meaning given to it in the Plan.
- (44) **"Employees"** means:
- (a) as of the date hereof, any and all (i) active employees (including full-time, part-time or temporary employees) of Canwest LP or CPI and (ii) employees of Canwest LP or CPI who are on approved leaves of absence, including maternity leave, parental leave, short-term disability leave, long-term disability leave, workers' compensation and other statutory leaves); and
  - (b) as of the Acquisition Time, any and all (i) active employees (including full-time, part-time or temporary employees) of CPI and (ii) employees of CPI who are on approved leaves of absence, including maternity leave, parental leave, short-term disability leave, long-term disability leave, workers' compensation and other statutory leaves,

in each case who are employed in connection with the Business on the basis of a written, oral or implied contract of employment, whether of indefinite duration or for a fixed term.

(45) **"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 or unemployment insurance, income tax withholdings, Canada or Quebec Pension Plan, occupational health and safety and hazardous substances.

(46) **"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.

(47) **"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.

(48) **“Environmental Laws”** means all Applicable Laws relating to the protection and preservation of the environment, health, safety, product safety, product liability, natural resource damage or Contaminants, including the *Environmental Protection Act* (Ontario) and the *Canadian Environmental Protection Act, 1999*.

(49) **“Environmental Permits”** means Licences issued pursuant to an Environmental Law.

(50) **“Excluded Assets”** has the meaning given to it in Section 3.1.

(51) **“Failure to Pay”** means the failure to pay referred to in Recital E.

(52) **“Financial Records”** means all books of account and other financial data and information of CPI (including for greater certainty all books of account and other financial data and information of Canwest Books, Canwest GP and Canwest LP that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers) and all such records, data and information stored electronically, digitally or on computer-related media.

(53) **“Funds”** has the meaning given to it in Section 5.3(1).

(54) **“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.

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

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

(57) **“Good Standing”** when used in reference to a corporation, denotes that such corporation has not been discontinued or dissolved under the laws of its incorporating jurisdiction, that no steps or proceedings have been taken to authorize or require such discontinuance or dissolution and that such corporation has submitted all notices or returns of corporate information and all other filings required by Applicable Law to be submitted by it to any Governmental Authority.

(58) **“Goodwill”** means all goodwill of CPI including the goodwill related to the Business at the Acquisition Time (including the goodwill of Canwest Books, Canwest GP and Canwest LP that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers) and including the right to represent Acquireco

as carrying on the Business in continuation of, and in succession to, Canwest Books, Canwest GP, Canwest LP and CPI.

(59) **"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.

(60) **"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.

(61) **"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.

(62) **"ICA"** means the *Investment Canada Act*.

(63) **"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.

(64) **"Initial Order"** means the initial order issued by the CCAA Court in connection with the CCAA Case.

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

- (a) all patents, patent rights, patent applications, registrations, continuations, continuations in part, divisional applications or analogous rights thereto, and inventions owned or used by CPI;
- (b) all trade-marks, trade names, trade-mark applications and registrations, trade name registrations, service marks, logos, slogans and brand names owned or used by CPI;
- (c) all copyrights and copyright applications and registrations owned or used by CPI;
- (d) all industrial designs and applications for registration of industrial designs and industrial design rights, design patents and industrial design registrations owned or used by CPI;
- (e) all business names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses and other communications addresses owned or used by CPI;
- (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 or used by CPI;
- (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 or used by CPI;
- (h) all other intellectual property rights owned or used by CPI in carrying on, or arising from the operation of, the Business, and foreign equivalents or counterpart rights, in any jurisdiction throughout the world;
- (i) all licences granted by CPI of the intellectual property described in paragraphs (a) to (h) above;
- (j) all future income and proceeds from any of the intellectual property listed in paragraphs (a) to (h) above and the licences described in paragraph (i) above;
- (k) all rights to damages and profits by reason of the infringement of any of the intellectual property described in items (a) to (h) above and the licences described in item (i) above; and

(l) all goodwill associated with any of the foregoing;

and, for greater certainty "Intellectual Property" includes all such property, rights, applications, registrations, licences, income, proceeds and goodwill of Canwest Books, Canwest GP and Canwest LP that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers.

(66) "**Intercompany Transfers**" means the transfer of certain assets by Canwest Books, Canwest GP and Canwest LP to CPI and the assumption of certain liabilities of Canwest LP by CPI as contemplated under Section 9.6.

(67) "**Interim Period**" means the period from and including the date of this Agreement to and including the Acquisition Date.

(68) "**ITA**" means the *Income Tax Act* (Canada).

(69) "**Inventory**" means all inventories of CPI 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.

(70) "**Leased Premises**" means the real or immovable property subject to the Real Property Leases.

(71) "**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.

(72) "**Licence**" means any licence, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for, CPI (including for greater certainty any licence, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for Canwest Books, Canwest GP and Canwest LP that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers) by any Governmental Authority.

(73) "**LP Entities**" means collectively Canwest Books, Canwest GP, Canwest LP and CPI.

(74) "**Material Adverse Effect**" means any change, effect or circumstance that is materially adverse to the operations or condition of the Business, National Post or any newspaper operated as part of the Business, financial or otherwise, but excluding any change, effect or circumstance arising out of, resulting from or attributable to (a) 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; (b) a decline in the price of the products of the Business or of National Post ; (c) an increase in the price of raw materials used in or other costs or expenses incurred in the operation of the Business or the operation by National Post of its business; (d) the negotiation, execution,



announcement or consummation of the transactions contemplated by, or the performance of obligations under, this Agreement; (e) the identity of, or the effects of any facts or circumstances relating to, Acquireco or its Affiliates; (f) any changes or prospective changes in Applicable Law or GAAP or the enforcement or interpretation thereof; (g) actions required to be taken or omitted pursuant to this Agreement or taken with Acquireco's consent or not taken, in each case, because Acquireco unreasonably withheld, delayed or conditioned its consent; (h) the effect of any action taken by Acquireco or its Affiliates with respect to the transactions contemplated by this Agreement; (i) 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, (j) any change or development in the business, financial condition, results of operations or credit, financial strength or other ratings of the LP Entities or National Post, (k) the credit, financial strength or other ratings of, or the value of any of the investment assets of, the LP Entities or National Post, and (l) the commencement of the CCAA Case.

(75) **"Multi-Employer Plan"** means the defined benefit or defined contribution pension plans or other benefit plans described in Schedule 7.8(1), in each case to which an LP Entity is required to contribute pursuant to a collective agreement to which the LP Entity is a party but does not sponsor or administer such plan.

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

(77) **"National Post"** means National Post Inc., a corporation formed under the laws of Canada.

(78) **"Non-Offer Employee Obligations"** means Liabilities of CPI for termination pay, pay in lieu of notice of termination expressly specified by contract or severance obligations (but for greater certainty excluding damage claims for wrongful dismissal or otherwise) owing to Employees who Acquireco elects pursuant to Section 5.1(2) to not make an offer of employment to and who cease to be employed by CPI by reason of Acquireco making such election.

(79) **"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.

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

(81) **"Ordinary Course of Business"** means the ordinary and usual course of the routine daily affairs of the Business, 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.

(82) **"Other Amounts"** means any amounts owing to the Senior Lenders under the Senior Credit Agreement or Hedging Agreements other than on account of Principal, Unpaid Interest

(as that term is defined in the Plan) or Administrative Agent Claims (as that term is defined in the Plan).

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

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

(85) **"Permitted Encumbrances"** means the Encumbrances described in Schedule 1.1(85).

(86) **"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.

(87) **"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.

(88) **"Personal Property Leases"** means the leases of personal property by CPI including all purchase options, prepaid rents, security deposits, licences and permits relating thereto and all leasehold improvements thereon.

(89) **"Plan"** means the plan of compromise and arrangement attached as a schedule to the Initial Order, as varied, amended, modified or supplemented in accordance with the provisions thereof.

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

(91) **"Post-Filing Disposition"** means the sale, transfer, mortgage, encumbering or other disposition of, or the agreement to sell, transfer, mortgage, encumber or otherwise dispose of, any property or asset, real, personal or mixed, outside of the Ordinary Course of Business from and after the date the Initial Order is issued which (a) the Administrative Agent consents to in writing, (b) is completed in accordance with such consent of the Administrative Agent and (c) is approved by the CCAA Court.

(92) **"Post-Filing Trade Payables"** has the meaning given to it in the Plan.

- (93) **"Prepaid Expenses"** means all prepayments, prepaid charges, deposits, sums and fees of CPI.
- (94) **"Principal"** means, in the case of the Senior Credit Agreement, any principal amounts owing to the Senior Lenders pursuant to the terms thereof, and, in the case of any Hedging Agreement, the net amount that became payable by an LP Entity to the applicable Senior Lender on the date of termination of such Hedging Agreement by reason of the termination of such Hedging Agreement on or about June 1, 2009.
- (95) **"QST"** means Québec sales tax imposed under the QST Act.
- (96) **"QST Act"** means Title I of *An Act respecting the Québec sales tax*.
- (97) **"RBCCM"** has the meaning given to it in Section 2.1(1)(e)(vii).
- (98) **"RCA Plan"** means the CanWest MediaWorks Limited Partnership (now Canwest LP) and Related Companies Retirement Compensation Arrangement Plan.
- (99) **"Real Property"** means the real or immovable property described in Schedule 7.5(2) 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.
- (100) **"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, where CPI is a tenant (including for greater certainty 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, of Canwest Books, Canwest GP and Canwest LP that CPI acquired or will acquire from Canwest Books, Canwest GP and Canwest LP in connection with the Intercompany Transfers), the particulars of which are set forth on Schedule 1.1(100).
- (101) **"Reference Date"** means September 1, 2009.
- (102) **"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 Acquireco on the terms contemplated in this Agreement, to permit Acquireco 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.

(103) **"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.

(104) **"Remaining Cash and Equivalents"** has the meaning given to it in Section 2.1(1)(a).

(105) **"Sanction Order"** has the meaning given to "Credit Acquisition Sanction Order" in the Plan.

(106) **"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, which agreement and all rights, title and interests thereunder will have been assigned to Acquireco on or before the Acquisition Date.

(107) **"Senior Lenders"** means the lenders party to the Senior Credit Agreement from time to time.

(108) **"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 date on which the Initial Order is made, and, for greater certainty, does not include any Cash Management Claims (as that term is defined in the Plan).

(109) **"SERA"** means the Southam Executive Retirement Arrangement.

(110) **"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 The National Post Company/La Publication National Post (as subsequently assigned to National Post).

(111) **"Stayed Payables"** means the Accounts Payable which shall be subject to a stay pursuant to the CCAA Case.

(112) **"Tangible Personal Property"** means all of CPI's machinery, equipment, motor vehicles, office equipment, furniture, spare parts, dies, tooling, tools, computer hardware, supplies and accessories and other chattels.

(113) **"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.

(114) **"Tenant"** means any Person (other than an LP Equity or National Post) entitled to occupy premises located on the Real Property pursuant to a CPI Leased Property Lease.

(115) **"Third Party Approval"** has the meaning given to it in Section 9.3.

(116) **"Transferred Employees"** means Employees who accept offers of employment by Acquireco or who begin active employment with Acquireco as of the Acquisition Date or their next scheduled work day.

(117) **"Unresolved Senior Claims Reserve"** has the meaning given to it in the Plan.

### **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) all dollar amounts referred to in this Agreement are stated in Canadian Dollars;
- (b) any payment contemplated by this Agreement shall be made by wire transfer of immediately available funds to an account specified by the payee or by certified cheque; and
- (c) any payment due on a particular day must be received by and be available to the payee not later than 2:00 p.m. on the due date at the payee's address for notice under Section 14.3 or such other place as the payee may have specified in writing to the payer in respect of a particular payment and any payment made after that time shall be deemed to have been made and received on the next Business Day, other than for greater certainty payments due on the

Acquisition Date which shall be paid by wire transfer as instructed by the payee in writing in connection with the closing of the Acquisition.

#### **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).

#### **Section 1.6 Best of Knowledge**

Any statement in this Agreement expressed to be made to "the best of the LP Entities' knowledge" and any other references to the knowledge of the LP Entities shall be understood to be made on the basis of the actual knowledge of Dennis Skulsky and Doug Lamb, after reasonable diligent inquiry, of the relevant subject matter or on the basis of such knowledge of the relevant subject matter as any of such Persons would have had if they had conducted such reasonable diligent inquiry.

#### **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:

Schedule 1.1(20) – Business

Schedule 1.1(39) – CPI Leased Property Leases

Schedule 1.1(85) – Permitted Encumbrances

Schedule 1.1(100) – Real Property Leases

Schedule 3.1(3) – Excluded Assets

Schedule 7.2(1) – Other Acquisition Agreements

Schedule 7.2(2) – Consents and Regulatory Approvals

Schedule 7.3(8) – Bank Accounts and Authorizations

Schedule 7.4(2) – Title to Shares

Schedule 7.4(3) – No Other Acquisition Agreements

Schedule 7.5(2) – Real Property

Schedule 7.5(5)(a) – Environmental Matters

Schedule 7.5(6) – Personal Property

- Schedule 7.5(7) – Personal Property Leases
- Schedule 7.5(11) – Intellectual Property
- Schedule 7.6(5) – Non-Arm’s Length Interests
- Schedule 7.6(6) – Contracts
- Schedule 7.6(7) – Licences
- Schedule 7.6(8) – Location of Assets
- Schedule 7.7(1) – Employees
- Schedule 7.7(2) – Remuneration
- Schedule 7.7(3) – Labour Matters and Employee Contracts
- Schedule 7.7(4) – Employment Laws
- Schedule 7.8(1) – CPI Benefit Plans
- Schedule 7.9(3) – Litigation
- Schedule 7.5(9) – Plants, Facilities and Equipment

## ARTICLE 2 – ACQUISITIONS AND ASSUMPTIONS

### Section 2.1 Acquisitions and Assumptions

The following shall occur at the stated times on the Acquisition Date pursuant to the Sanction Order, on the terms and subject to the conditions of this Agreement, the Plan and the Sanction Order:

(1) The acquisitions and assumptions provided for in (a) to (e) below shall occur immediately prior to the Acquisition Time free and clear of any withholdings for Taxes or otherwise:

- (a) Cash and Equivalents less the Cash Reserve and less the Unresolved Senior Claims Reserve (the “**Remaining Cash and Equivalents**”) shall be paid to Acquireco or as Acquireco may direct (subject to Section 2.1(3)), free and clear of all Encumbrances (other than Permitted Encumbrances):
  - (i) in payment, under the CPI Guarantee, of the Other Amounts, if any; and
  - (ii) as consideration for the assumption of the Deferred Revenue Obligations,

provided that if the amount of the Remaining Cash and Equivalents is less than or exceeds the sum of the amount of the Other Amounts and the amount of the Deferred Revenue Obligations,



- (iii) in the case of a shortfall, the amount of the Remaining Cash and Equivalents shall be applied first in payment, under the CPI Guarantee, of the amount of the Other Amounts, followed by payment as consideration for the assumption of the Deferred Revenue Obligations; and
  - (iv) in the case of an excess, such excess shall, to the extent of such excess, be applied in payment, in each case under the CPI Guarantee of outstanding interest, if any, under the Hedging Agreements and Senior Credit Agreement, followed by outstanding Principal under the Hedging Agreements, and followed by outstanding Principal under the Senior Credit Agreement.
- (b) All right, title and interest in and to the Accounts Receivable and/or other property of CPI, if any, (except for Excluded Assets) designated by Acquireco prior to the Acquisition Date shall be acquired by Acquireco or as Acquireco may direct (subject to Section 2.1(3)) free and clear of all Encumbrances (other than Permitted Encumbrances):
- (i) in payment, under the CPI Guarantee, of the portion, if any, of the amount of the Other Amounts and as consideration for the assumption of the Deferred Revenue Obligations not paid under (a) above; and
  - (ii) in the amount of, and as consideration for Acquireco assuming, the Assumed Liabilities identified in (d) below,
- to the extent of the fair market value of such Accounts Receivable and other property provided that, if such fair market value is less than or exceeds the sum of the amounts under (i) and (ii) above,
- (iii) in the case of a shortfall, such Accounts Receivable and other property shall, to the extent of their aggregate fair market value, be applied to the amount under (i) followed by the amount under (ii); and
  - (iv) in the case of an excess, such excess shall, to the extent of such excess, be applied in payment, in each case under the CPI Guarantee of outstanding interest, if any, under the Hedging Agreements and the Senior Credit Agreement, followed by outstanding Principal under the Hedging Agreements, followed by outstanding Principal under the Senior Credit Agreement, other than outstanding interest or Principal under the Hedging Agreements or the Senior Credit Agreement paid under (a) above, and for greater certainty, any amounts outstanding after such payments, if any, and payments under Section 2.2, if any, shall form part of the Senior Secured Claims Amount.

- (c) In consideration for payments in respect of the Deferred Revenue Obligations under (a) and, if applicable, (b) above, Acquireco shall assume and agree to pay in full, perform and discharge when due such amount of the Deferred Revenue Obligations.
- (d) In consideration for the acquisition of Accounts Receivable and/or other property of CPI, if any, under (b)(ii) above, Acquireco shall assume and agree to pay in full, perform and discharge when due an amount of Liabilities for the Post-Filing Trade Payables, the PID Cash Deficiency (as defined in the Plan) and, at Acquireco's option, the DIP Claims equal to the aggregate fair market value of such Accounts Receivable and/or other property of CPI, if any, as designated by Acquireco.
- (e) Acquireco shall assume and agree to pay in full, perform and discharge when due the following additional Liabilities of CPI:
- (i) **Residue.** Deferred Revenue Obligations, if any, not assumed under Section 2.1(1)(c) and Liabilities, if any, that are described, but for lack of consideration are not assumed, under Section 2.1(1)(d);
  - (ii) **Contracts, etc.** To the extent not assumed under Section 2.1(1)(d), all Liabilities of CPI accruing on or after the Acquisition Time under the Personal Property Leases, Real Property Leases, Contracts and Licences, other than Deferred Revenue Obligations, and, at Acquireco's option, the DIP Claims;
  - (iii) **Severance Liabilities.** To the extent not assumed under Section 2.1(1)(d), all Liabilities of CPI for termination pay, pay in lieu of notice and severance obligations owed to Employees or former employees of an LP Entity which are stayed during or by reason of the CCAA Case, including the Non-Offer Employee Obligations, subject to Section 3.2, Section 5.1(6) and Section 5.5;
  - (iv) **Unfunded Retirement Benefits.** To the extent not assumed under Section 2.1(1)(d), all Liabilities of CPI for post-retirement and post-employment benefits for Transferred Employees, other Employees who are entitled to such benefits and former employees of the LP Entities who are entitled to receive post-retirement or post-employment benefits from CPI as of the Acquisition Date, subject to Section 3.2 and Section 5.5;
  - (v) **CPI Pension Plans.** Except as specifically excluded in this Agreement, in respect of the CPI Pension Plans, all of the LP Entities' rights, duties, obligations and Liabilities under and in relation to the CPI Pension Plans and all related agreements as of the Acquisition Date, subject to Section 3.2 and Section 5.5;

- (vi) **Other Employee Liabilities.** To the extent not assumed under Section 2.1(1)(d) or under Section 2.1(1)(e)(iii), (iv) or (v) above, all Liabilities of CPI in respect of the Transferred Employees and any Multi-Employer Plans, subject to Section 3.2 and Section 5.5;
- (vii) **RBCCM Fees.** At Acquireco's option, all Liabilities for fees payable to RBC Dominion Securities Inc. ("RBCCM") pursuant to the engagement letter dated as of October 1, 2009 among Canwest LP, CPI and RBCCM to the extent not previously paid, provided that if any such fees are due and payable on or before the Acquisition Date Acquireco may assume the obligation to pay such amounts only with the prior consent of RBCCM; and
- (viii) **Other Designated Liabilities.** Such other Liabilities of CPI, such as Liabilities for Claims ranking senior to Claims of the Senior Lenders, which Acquireco in writing identifies to the LP Entities not less than two Business Days prior to the Acquisition Date as Liabilities which Acquireco wishes to assume pursuant to this Agreement.

(2) All right, title and interest in and to the Acquired Assets (other than the Acquired Assets referred to in Section 2.1(1)) shall be acquired by Acquireco free and clear of all Encumbrances (other than Permitted Encumbrances) pursuant to the Sanction Order at the Acquisition Time as a consequence of the Failure to Pay, on the terms and subject to the conditions of this Agreement, the Plan and the Sanction Order.

(3) If Acquireco gives a direction under Section 2.1(1)(1)(a) or Section 2.1(1)(1)(b) for a payment to be made to any Person other than Acquireco (the "**Directed Recipient**") and such payment, if made, would be subject under Applicable Law to any withholdings for Taxes or otherwise which would not have to be withheld if the payment was made to Acquireco, (a) the payment may be made to the Directed Recipient net of such withholdings if prior to making the payment Acquireco consents to such withholdings or (b), failing Acquireco's consent, the payment shall be made to Acquireco notwithstanding any direction from Acquireco to the contrary.

## Section 2.2 Residual Balances

The residual balance, if any, in the Cash Reserve owned by Acquireco pursuant to Section 12.2 of the Plan and the residual balance, if any, in the Unresolved Senior Claims Reserve owned by Acquireco pursuant to Section 6.5 of the Plan, shall each be deemed to have been received by Acquireco immediately prior to the Acquisition Time and applied in payment, in each case under the CPI Guarantee, of outstanding Principal under the Hedging Agreements, followed by outstanding Principal under the Senior Credit Agreement.

### Section 2.3 Designations

(1) Acquireco shall designate and provide Notice to CPI thereof within 30 Business Days following the Acquisition Date, (i) the amount of the Other Amounts, (ii) the amount of the Deferred Revenue Obligations, (iii) the amount of the Liabilities identified in Section 2.1(1)(d), (iv) the amount of Remaining Cash and Equivalents acquired and the amount of Other Amounts, the amount of Deferred Revenue Obligations and the amount of interest and Principal paid under Section 2.1(1)(a), and (v) the fair market value of the Accounts Receivable and/or other property of CPI, if any, acquired and the amount of Deferred Revenue Obligations paid, the amount of Liabilities assumed and the amount of interest and Principal paid under Section 2.1(1)(b).

(2) CPI and Acquireco shall adopt such designations for purposes of (i) Section 2.1 and (ii) the ITA and applicable provincial Tax legislation including as provided in Section 2.4.

### Section 2.4 Tax Elections

Acquireco and CPI 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 prescribed manner and within the prescribed time limits, in respect of the consideration paid by CPI for Acquireco to assume the Deferred Revenue Obligations.

## ARTICLE 3 - EXCLUDED ASSETS

### Section 3.1 Excluded Assets

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

(1) **Avoidance claims.** All rights and claims against any Person other than the Senior Lenders or the Administrative Agent 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 which rights or claims both (a) are not subject to Encumbrances of the Senior Lenders or Acquireco and (b) would not have been subject to Encumbrances of the Senior Lenders or Acquireco even if the Senior Lenders or Acquireco did not release any of their Encumbrances on or before the Acquisition Date.

(2) **Corporate Records.** The corporate charters, minute, share and partnership record books and corporate seals of CPI.

(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) **Notified Excluded Assets.** Any assets, properties, rights or interests which on or before the 5<sup>th</sup> Business Day prior to the Acquisition Date Acquireco in writing advises the LP Entities that it wishes to be treated as an Excluded Asset under this Agreement.
- (6) **Rights Under this Agreement.** The LP Entities' rights under this Agreement.

### Section 3.2 Retained Liabilities

Except as specifically provided in this Agreement, Acquireco 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, Acquireco shall have no obligations in respect of any of the following Liabilities unless pursuant to Section 2.1(1)(e)(viii) Acquireco has specified in writing to the LP Entities that it wishes to assume any such Liability:

- (1) **Transaction Expenses.** All Liabilities of the LP Entities for legal, accounting, audit and investment banking fees, brokerage commissions and any other expenses incurred by the LP Entities with respect to the transaction contemplated by this Agreement.
- (2) **Banks, etc.** All Liabilities of the LP Entities to banks, financial institutions or other Persons with respect to borrowed money or otherwise.
- (3) **Contracts, etc.** All Liabilities of the LP Entities accruing prior to the Acquisition Time under the Personal Property Leases, Real Property Leases, Contracts and Licences including all such Liabilities in respect of any breach of representation, warranty or covenant contained in, or for any claim for indemnification pursuant to, any Personal Property Lease, Real Property Lease, Contract or Licence to the extent that such breach or claim arose out of an LP Entity's performance or non-performance thereunder, prior to the Acquisition Time, regardless of when such breach or claim is asserted.
- (4) **Product Liabilities.** All Liabilities in respect of injury to or death of Persons or damage to or destruction of property not constituting part of the Acquired Assets, including product liability claims and workers' compensation claims arising out of the conduct of the Business prior to the Acquisition Time, regardless of when any such Liability is asserted, including any Liability for consequential or punitive damages in connection with the foregoing.
- (5) **Taxes.** All Liabilities for Taxes payable or remittable by an LP Entity.
- (6) **Certain Trade Liabilities.** All Liabilities for trade and other accounts payable and in respect of accrued expenses other than such accounts payable and accrued expenses expressly assumed by Acquireco under Section 2.1(1)(d) and Section 2.1(1)(e).
- (7) **Senior Management Compensation Arrangements.** All Liabilities in respect of (a) funded or unfunded retirement arrangements supplemental to a CPI Pension Plan whether registered or unregistered, including Liabilities relating to (i) the SERA (ii) the RCA Plan and

(iii) other post-retirement arrangements, (b) stock options and (c) payments or other compensation which become payable by reason of a change of control of an LP Entity or the Business, in each case for senior executives of the LP Entities.

(8) **Certain Employee-Related Liabilities.** Liabilities that are retained by the LP Entities under Section 5.1(6) or that Acquireco elects not to assume pursuant to Section 5.5.

#### **ARTICLE 4 – STATEMENT OF FAIR MARKET VALUE**

##### **Section 4.1 Designation of Fair Market Value**

Acquireco shall be entitled to designate the fair market value of each of the Acquired Assets acquired under Section 2.1(2) at the Acquisition Time and shall provide Notice to the LP Entities thereof within 30 Business Days following the Acquisition Date. The LP Entities shall consult and cooperate with Acquireco in respect of Acquireco resolving such designations including promptly providing Acquireco all information, documents and other material pertaining thereto and in its or their custody and control. The LP Entities and Acquireco shall adopt such designations for purposes of the ITA and applicable provincial tax legislation.

#### **ARTICLE 5 – EMPLOYEE MATTERS**

##### **Section 5.1 Offers**

- (1) Acquireco shall offer employment, effective as of the Acquisition Date and conditioned on the completion of the Acquisition, to all or substantially all individuals who are Employees immediately prior to the Acquisition Date on the following terms and conditions:
- (a) to Employees who are part of a bargaining unit 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 (other than Employees identified in a Notice from Acquireco under Section 5.1(2)), 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 (other than Employees identified in a notice from Acquireco under Section 5.1(2)), on substantially similar terms and conditions as their then existing employment immediately prior to the Acquisition Date, subject to Section 5.5 and provided that:
    - (i) (A) senior executives of the LP Entities who are entitled to receive supplemental retirement compensation (including entitlements under

the SERA, the RCA Plan or stock options, or any equivalent benefit or replacement thereof, shall not be offered any such supplemental retirement compensation or stocks options, (B) the offer of employment to such senior executives will confirm that Acquireco has no liability in respect of the SERA, the RCA Plan and stock options and (C) such offer will include a condition that the senior executive provide a confirmation and undertaking to Acquireco that (x) confirms that Acquireco has no liability in respect of the SERA, the RCA Plan and stock options and (y) undertakes not to assert or pursue a claim against Acquireco in respect of the SERA, the RCA Plan and stock options; and

- (ii) Acquireco shall have no obligation to offer any change in control payment, supplemental retirement compensation arrangement or stock options, or any equivalent benefit or replacement thereof, to any Employee (including for greater certainty severance and other post-retirement arrangements for senior executives of the LP Entities which Acquireco in writing identifies to the LP Entities as Liabilities or obligations which Acquireco does not wish to assume or offer to such employees pursuant to this Agreement).

(2) If Acquireco does not intend to offer employment to all individuals who are Employees immediately prior to the Acquisition Date, on or before the fifth Business Day prior to the Acquisition Date (or such other date as Acquireco and CPI may agree) Acquireco shall in writing identify to CPI the names of the individuals to whom it does not intend to offer employment. Acquireco acknowledges that its right to not offer employment to all Employees is subject to the rights and benefits of any such Employee under any collective bargaining agreement which is in force, or has expired and the terms and conditions of which remain in effect by operation of law, to which CPI is a party.

(3) CPI will not take any act that is intended to impede, hinder or interfere with Acquireco's efforts to hire any Employee.

(4) Acquireco acknowledges and agrees that (i) the LP Entities make no representation or warranty that any Employee will accept employment with Acquireco and (ii), subject to Section 10.1(12), the acceptance by Employees of offers of employment with Acquireco shall not constitute a condition to Acquireco's obligation to complete the Acquisition.

(5) The LP Entities and Acquireco 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, CPI shall provide to Acquireco at Acquireco's request, any information or copies of any personnel records relating to the Transferred Employees.

(6) CPI shall be responsible for all termination, severance and other costs in respect of any Employee who is offered employment by Acquireco but does not accept or commence employment with Acquireco.

(7) No Employee or Person other than the LP Entities and Acquireco 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 Acquireco Benefit Plans.

(8) Contracts with all independent contractors, including freelance writers and photographers, which are assignable shall be assigned by CPI to Acquireco effective on the Acquisition Date. Where consent to assignment of any independent contractor agreement is required, CPI shall use its commercial reasonable efforts to obtain such consent as soon as reasonably possible and prior to the Acquisition Date and Acquireco shall accept such assignments or offer contracts to all such independent contractors on substantially similar terms to the terms on which they are retained immediately prior to the Acquisition Time.

(9) In respect of independent contractor agreements where consent to assignment is refused or withheld, CPI, after advising Acquireco, shall be responsible for any and all Claims arising from the termination of any independent contractor agreements, whether asserted prior to, on or after the Acquisition Date. CPI shall also be solely responsible for any and all Claims by or in respect of any: (i) independent contractors or former independent contractors; or (ii) Governmental Authority in respect of any such independent contractors or former independent contractors, to the extent that such Claims are based on facts, circumstances or events that arose or existed prior to the Acquisition Date, whether such Claims are asserted prior to, on or after the Acquisition Date.

## Section 5.2 CPI Benefit Plans

(1) Subject to Section 5.5:

- (a) effective as of the Acquisition Date, CPI shall assign and transfer to Acquireco and Acquireco shall assume the CPI Benefit Plans and CPI's rights, duties, obligations, assets and Liabilities with respect to the CPI Benefit Plans and their related group policies, insurance contracts or other funding media, and all agreements related thereto. Effective as of the Acquisition Date, Acquireco 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 CPI Benefit Plans and related agreements (the "**Acquireco Assumed Benefit Plans**") pursuant to the terms thereof and Applicable Law ("**Benefits Assignment and Assumption Agreement**");
- (b) CPI agrees to do all things necessary to effect the assignment and transfer of the CPI Benefit Plans to Acquireco. Without limiting the generality of the foregoing, CPI agrees to advise and direct applicable insurers and service providers as soon as possible after the Acquisition Date, of the assumption of



sponsorship of the CPI Benefit Plans and relevant agreements as provided hereunder. Acquireco shall do all things required of it under Applicable Law to assume sponsorship of the CPI Benefit Plans in accordance with the terms of policies, contracts or service agreements applicable to the CPI Benefit Plans as provided hereunder; and

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

### Section 5.3 CPI Pension Plans

- (1) Subject to Section 5.5:
- (a) effective as of the Acquisition Date, CPI shall assign and transfer to Acquireco and Acquireco shall assume the CPI Pension Plans and the rights, duties, obligations and Liabilities of the LP Entities of a successor employer and administrator with respect to the CPI Pension Plans and their related trust or other funding medium (the "**Funds**"), and all agreements related thereto. Effective as of the Acquisition Date, Acquireco shall accept the assignment and transfer and shall assume all obligations, Liabilities, duties, rights and responsibilities required of it as the successor employer and administrator of the CPI Pension Plans and Fund (the "**Acquireco Assumed Pension Plans**") pursuant to the terms thereof and Applicable Law ("**Pension Assignment and Assumption Agreements**");
- (b) CPI agrees to do all things necessary to effect the assignment and transfer of its sponsorship of the CPI Pension Plans to Acquireco. Without limiting the generality of the foregoing, CPI agrees to cause to be filed with applicable federal and provincial regulatory authorities as soon as possible after the Acquisition Date, such documents as may be required by Applicable Law or under the terms of the CPI Pension Plans or Funds with respect to the assumption of sponsorship of the CPI Pension Plans and Funds as provided hereunder. Acquireco shall do all things required of it under Applicable Law

to establish that it is the successor sponsor and administrator to CPI of the CPI Plans in accordance with the terms of the CPI Pension Plans as provided hereunder. Without limiting the generality of the foregoing, Acquireco 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 Acquireco in such capacity;

- (c) with respect to the administration of the Acquireco Assumed Pension Plans from and after the Acquisition Date, Acquireco shall be entitled to direct, or cause to be directed, the funding agent of the CPI Pension Plans in accordance with the instructions given to CPI by Acquireco in connection herewith;
- (d) after the sponsorship and administration of the CPI Pension Plans and Funds has been transferred to Acquireco, the LP Entities shall have no further obligation or Liability with respect to the CPI Pension Plans and Funds. CPI shall be responsible for satisfying any and all governmental reporting and disclosure requirements applicable to the CPI Pension Plans and Funds and for all benefit calculations, communication and completion of all other forms and reports in respects of the CPI Pension Plans up to the Acquisition Date. Acquireco shall be responsible for satisfying any and all governmental reporting and disclosure requirements applicable to the Acquireco Assumed Pension Plans and Funds and for all benefit calculations, communication and completion of all other forms and reports on and after the Acquisition Date. CPI shall cooperate with Acquireco with respect to reporting such requirements in the plan year in which the Acquisition Date occurs. Prior to and following the Acquisition Date, CPI shall use all reasonable efforts to provide Acquireco such books, records, and other relevant data relating to the CPI Pension Plans within its control or access, that Acquireco shall reasonably request; and
- (e) if any Governmental Authority refuses to approve or permit the transactions contemplated herein:
  - (i) Acquireco shall, at its own expense, appeal such determination until all rights of appeal are exhausted or the parties agree in writing to abandon such appeals. CPI shall, at its own expense, provide all such information and documentation as Acquireco may reasonably require to prosecute any such appeal, and shall co-operate with Acquireco;
  - (ii) if required Governmental Authority approval in respect of the CPI Pension Plans cannot be obtained and Acquireco has exhausted or abandoned all appeals without obtaining the required approval, the CPI Pension Plans shall not be assigned to or assumed by Acquireco and Acquireco shall establish or amend, effective as of Acquisition Date, a pension plan or plans (the "**Acquireco Established Pension Plans**") to provide benefits in compliance with all Applicable Laws applicable to

the rights of the Transferred Employees and in respect of the employment of the Transferred Employees on and after the Acquisition Date on substantially similar terms and conditions as those provided under the CPI Pension Plans; and

- (iii) for greater certainty, in the unlikely event that the Pension Assignment and Assumption Agreements do not receive regulatory approval, the parties agree and intend to use their best efforts to ensure that the rights of the Transferred Employees are protected in the transition from the CPI Pension Plans to the Acquireco Established Pension Plans.

#### **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 Acquireco 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, Acquireco shall assume all of CPI's obligations and Liabilities in the Multi-Employer Plans in which CPI participates, pursuant to the terms of the collective agreements applicable to its unionized Employees or as otherwise required under Applicable Law.

#### **Section 5.5 Acquireco Election**

(1) Notwithstanding anything in this Agreement to the contrary, after consultation with operational management of CPI, and provided Acquireco acts in a commercially reasonable manner, Acquireco may elect not to assume certain of (a) the CPI Pension Plans (including the LP Entities' rights, duties, obligations and Liabilities with respect to the CPI Pensions Plans or Funds and agreements related thereto), (b) the CPI Benefit Plans (including the LP Entities' rights, duties, obligations, assets and Liabilities with respect to the CPI Benefit Plans and any policies, contracts or agreements related thereto); (c) Liabilities of the LP Entities for post-retirement and post-employment benefit plans for both active Employees and Employees who are on an approved leave of absence; (d) Liabilities of the LP Entities for damages for termination pay, pay in lieu of notice of termination, severance payments, damages for wrongful dismissal and any related costs in respect of the termination of the employment of any employee or former employee of an LP Entity which are stayed during or by reason of the CCAA Case; and (e) any other Liabilities of an LP Entity to Employees or former employees, to the extent such election is permitted under Applicable Law and subject to any collective bargaining with unionized Employees that may occur on or before the Plan Implementation Date. If Acquireco exercises such election, it shall give written notice of such election to CPI not less than two Business Days prior to the Acquisition Date, which notice shall include details of the specific Liabilities which Acquireco has elected not to assume.

(2) For greater certainty, if Acquireco makes such election, any CPI Pension Plan (or part thereto) or CPI Benefit Plans (or part thereof) or any Liability which Acquireco elects not to assume shall not be an Assumed Liability under this Agreement.

(3) If Acquireco elects not to assume all or part of a CPI Pension Plan pursuant to Section 5.5(1), Acquireco may, but shall not have the obligation to, for each Transferred Employee who participated in the CPI Pension Plan (or the part thereto) which Acquireco elected not to assume, provide or establish a pension plan that provides pension benefits relating to the Transferred Employee's period of employment with Acquireco from the Acquisition Date on substantially similar terms and conditions as the CPI Pension Plan (or relevant part thereof) in which such Transferred Employee was a member immediately prior to the Acquisition Date ("**Acquireco Elected Pension Plans**"). Effective as of the Acquisition Date, such Transferred Employees shall cease to participate in the applicable CPI Pension Plan (or relevant part thereof) on the day immediately prior to the Acquisition Date and shall begin to participate in the applicable Acquireco Elected Pension Plan on the Acquisition Date. Such Transferred Employees will be credited under the applicable Acquireco Elected Pension Plan with periods of employment with CPI up to the Acquisition Date (including periods of employment with any other employer, to the extent such service is recognized under the applicable CPI Pension Plan (or relevant part thereof)), immediately prior to the Acquisition Date, for purposes of determining, as applicable, eligibility for participation in, eligibility for early retirement and early retirement subsidy and for vesting under applicable Acquireco Elected Pension Plan. Such Transferred Employees will be credited under the applicable CPI Pension Plan (or relevant part thereof) with periods of employment with Acquireco from and after the Acquisition Date, for purposes of determining, as applicable, eligibility for participation in, eligibility for early retirement and early retirement subsidy and for vesting under, the applicable CPI Pension Plan. Acquireco shall be responsible for all pension benefits of such Transferred Employees accrued on and after the Acquisition Date pursuant to the terms of the applicable Acquireco Elected Pension Plan. If Acquireco elects not to assume all or part of a CPI Pension Plan pursuant to Section 5.5(2), CPI shall be responsible for all pension benefits of such Transferred Employees accrued prior to the Acquisition Date pursuant to the terms of the applicable CPI Pension Plan (or relevant part thereof).

(4) If Acquireco elects not to assume all or part of the CPI Benefit Plans pursuant to Section 5.5(1), Acquireco may, but shall not have the obligation, for each Transferred Employee who participated in the CPI Benefit Plans (or the part thereto) which Acquireco elected not to assume, to provide or establish a benefit plan that provides benefits relating to the Transferred Employee's period of employment with Acquireco from the Acquisition Date on substantially similar terms and conditions as the CPI Benefit Plans (or relevant part thereof) in which such Transferred Employee participated immediately prior to the Acquisition Date ("**Acquireco Elected Benefit Plans**"). Effective as of the Acquisition Date, such Transferred Employees shall cease to participate in the applicable CPI Benefit Plans (or relevant part thereof) on the day immediately prior to the Acquisition Date and shall, subject to Section 5.5(4)(a), commence, without interruption, to participate in and accrue benefits

under the Acquireco Benefit Plans in accordance with and subject to, the membership, eligibility and coverage requirements of the Acquireco Benefit Plans:

- (a) Where length of service is used to determine eligibility to participate in and vest in the Acquireco Benefit Plans, Transferred Employees who either participate in CPI Benefit Plans, or who do not participate in a corresponding CPI Benefit Plan solely because the Transferred Employee has not met the eligibility requirements under CPI Benefit Plan as at Acquisition Date, on the subsequent date that the Transferred Employee does become a participant in the relevant Acquireco Benefit Plan, shall receive service credit under the applicable Acquireco Benefit Plans to the same extent that such service credit was granted under the CPI Benefit Plans.
- (b) From and after the Acquisition Date, Acquireco shall (i) cause to be waived all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements under any Acquireco Benefit Plan in which such employees become eligible to participate after the Acquisition Date, to the extent such limitations, exclusions and waiting periods would have been waived or satisfied under the applicable CPI Benefit Plans and (ii) provide credit in the applicable Acquireco Benefit Plans in the plan year in which the Acquisition Date occurs, for any payments for deductibles or co-payments paid under the CPI Benefit Plans during the plan year in which the Acquisition Date occurs, in satisfaction of deductibles or co-payment limits under any Acquireco Benefit Plan in which such Transferred Employees become eligible to participate after the Acquisition Date, provided that CPI supplies to Acquireco information concerning the amount of such payments that the Transferred Employees have made in such plan year.

## ARTICLE 6 – TAX MATTERS

### Section 6.1 Goods and Services Tax and Québec Sales Tax

- (1) 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.
- (2) Acquireco 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) Acquireco hereby represents and warrants that it 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.

(4) Acquireco and CPI shall jointly make the elections provided for under subsection 167(1.1) 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. Acquireco and CPI 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 Acquireco shall file the said election forms no later than the due date for Acquireco'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, Acquireco will provide CPI with Acquireco'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, Acquireco shall pay to CPI any such Taxes exigible under provincial sales tax legislation in the foregoing provinces in respect of any Acquired Assets and CPI 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* (Ontario) or the *Social Services Tax Act* (British Columbia), respectively.

(2) If Acquireco has not, as of the Acquisition Time, designated the fair market value of the Acquired Assets as at the Acquisition Time in accordance with Section 4.1, Acquireco shall pay to CPI the provincial retail sales taxes under this Section 6.2 based on an assumed fair market value of the Acquired Assets and other assets acquired by Acquireco under this Agreement equal to the net book value thereof in the Financial Records. Within 30 days thereafter, Acquireco shall be entitled to designate the fair market value of such acquired assets in accordance with Section 4.1, which designation shall supersede the preceding assumed fair market value of net book value (to the extent of any discrepancies). Once Acquireco has notified the LP Entities of its designation made under Section 4.1, (a) to the extent any additional provincial sales taxes are payable in respect of the Acquired Assets, Acquireco shall remit such additional provincial sales taxes directly to the appropriate taxing authority (b) to the extent provincial sales taxes have been collected by CPI in excess of the amount required to be remitted in respect of the Acquired Assets, CPI shall return such excess

to Acquireco and (c) to the extent provincial sales taxes have been collected and remitted by CPI in excess of the amount required to be remitted in respect of the Acquired Assets, Acquireco shall apply for a refund of such excess taxes directly to the appropriate taxing authority.

### **Section 6.3 Land Transfer Taxes**

Acquireco 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) If any Governmental Authority refuses to accept an election contemplated in Section 6.1(4), after exhausting any challenges to and appeals of such refusal which Acquireco in its sole discretion (and at its sole expense) may chose to initiate and prosecute, Acquireco 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 CPI or its directors by reason of Acquireco 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 Acquireco), Acquireco shall indemnify and hold harmless CPI and its directors for such Taxes.

## **ARTICLE 7 – REPRESENTATIONS AND WARRANTIES OF THE LP ENTITIES**

Each of the LP Entities jointly and severally represents and warrants to Acquireco as stated below and acknowledges that Acquireco 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.** Each of Canwest Books, Canwest GP, CPI and National Post has been duly incorporated and organized, is a subsisting corporation in Good Standing 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. 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). 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 Order, as of the Acquisition Date the consummation of the Intercompany Transfers and the Acquisition have 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 Order, as of the Acquisition Date the consummation of the Intercompany Transfers and 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 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.** CPI is not a non-resident of Canada within the meaning of the ITA. Canwest LP is a "Canadian partnership" for purposes of the ITA.

(5) **Investments.** CPI is not subject to any obligation or requirement to provide funds to or make any investment in any Person by loan, capital contribution or otherwise, except in respect of advances to National Post in accordance with CPI's existing credit agreement with National Post.

(6) **Books and Records.** The Books and Records (other than the corporate and other records specifically referenced in Section 7.1(7)), all of which have been or prior to the Acquisition Date will be provided to Acquireco, are complete and accurate records of the information purported to be reflected therein in all material respects.

(7) **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 Acquireco, 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.



(8) **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.

### Section 7.2 Consents, etc.

(1) **No Other Acquisition Agreements.** Except as disclosed in Schedule 7.2(1), 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 for the purchase or other acquisition from an LP Entity of any of the Acquired Assets, other than in the Ordinary Course of Business.

(2) **Consents and Regulatory Approvals.** Except as specified in Schedule 7.2(2), neither an LP Entity nor National Post is under any obligation, contractual or otherwise, to request or obtain any Consent or Regulatory Approval or to give any notice to any Governmental Authority or other Person:

- (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 Acquireco 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.

All Contracts, 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 such Consent or Regulatory Approval or to give any such notice are identified in Schedule 7.2(2).

### Section 7.3 Financial Matters

(1) **Financial Records.** All financial transactions of the Business which are material to the Business or the operation of any newspaper which is part of the Business have been properly recorded in the Financial Records, which have been maintained in accordance with sound business and financial practice. 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. No information, records, systems, controls or data pertaining to or required for the operation or administration of the Business are recorded, stored, maintained by, or are otherwise dependent upon, any computerized or other system, program or device

that is not exclusively owned and controlled by an LP Entity or National Post and on the Acquisition Date CPI 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.

(2) **Accounts Receivable.** The Accounts Receivable arose from *bona fide* transactions in the Ordinary Course of Business and are good, valid, enforceable and fully collectible at the aggregate recorded amounts thereof (subject to a reasonable allowance for doubtful accounts consistent with past practice). The Accounts Receivable are not subject to any defence, set-off or counterclaim. None of such Accounts Receivable is due from an Affiliate of an LP Entity except Accounts Receivable which arose in the Ordinary Course of Business pursuant to and in accordance with the Shared Services Agreement.

(3) **Inventories.** The Inventory conforms in all material respects to applicable designs and specifications, is free from material defects in workmanship and material. The Inventory of the Business is in good and merchantable condition in all material respects and is usable in the Ordinary Course of Business for the purposes for which it is intended.

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

- (a) incurred any Liability which is material to the Business, the business of National Post or the operation of any newspaper which is part of the Business, except normal trade or business obligations incurred in the Ordinary Course of Business, none of which is materially adverse to the Business, the business of National Post or any newspaper which is part of the Business;
- (b) created any Encumbrance upon any of the Acquired Assets, 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 Acquired Assets, 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 which alone or together are material to the Business or any newspaper which is part of the Business, except in the Ordinary Course of Business;
- (f) entered into any transaction, contract, agreement or commitment which is material to the Business, the business of National Post or the operation of any

newspaper which is part of the Business, except in the Ordinary Course of Business or as contemplated by this Agreement;

- (g) terminated, discontinued, closed or disposed of any plant, facility or Business operation other than in connection with the a Post-Filing Disposition;
- (h) had a supplier of the Business or the business of National Post terminate, or communicate to an LP Entity or National Post the intention or threat to terminate, its relationship with an LP Entity or National Post, or the intention to reduce substantially the quantity of products or services it sells to an LP Entity or National Post, except for such terminations or reductions which are not, in the aggregate, material to the Business, the business of National Post or the operation of any newspaper which is part of the Business;
- (i) had any customer of the Business terminate, or communicate to an LP Entity or National Post the intention or threat to terminate, its relationship with an LP Entity or National Post , or the intention to reduce substantially the quantity of products or services it purchases from an LP Entity or National Post, or its dissatisfaction with the products or services sold by an LP Entity or National Post, except for terminations or reductions in the Ordinary Course of Business which are not, in the aggregate, material to the Business, the business of National Post or the operation of any newspaper which is part of the Business;
- (j) made any material change in the method of billing customers of the Business or the business of National Post or the credit terms made available by an LP Entity or National Post to customers of the Business or National Post;
- (k) made any material change with respect to any method of management, operation or accounting in respect of the Business or the business of National Post, except as contemplated under the Shared Services Agreement and except for the proposed stay of the Stayed Payables pursuant to the CCAA Case;
- (l) suffered any damage, destruction or loss (whether or not covered by insurance) which has had a Material Adverse Effect or which would reasonably be expected to have a Material Adverse Effect.
- (m) 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 the Administrative Agent prior to the date the Initial Order was issued;
- (n) suffered any extraordinary loss;

- (o) made or incurred any material change in, or become aware of any event or condition which is likely to result in a material change in, the Business, the business of National Post, the operation of any newspaper which is part of the Business, or its relationships with its customers, suppliers or Employees, except as a direct result of the CCAA Case; or
- (p) authorized, agreed or otherwise become committed to do any of the foregoing.

(5) **Taxes.** There are no Encumbrances for Taxes upon any of the Acquired 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 for Taxes on any of the Acquired Assets in each case other than Permitted Encumbrances.

(6) **National Post - Certain Tax 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.
- (b) National Post has paid, collected and remitted 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) There are no Encumbrances for Taxes 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 for Taxes on any of National Post's assets in each case other than Permitted Encumbrances.
- (d) There are no actions, suits, proceedings, investigations, audits or claims now pending or to the knowledge of the LP Entities, threatened, against National Post in respect of Taxes and there are no matters under discussion, dispute, audit or appeal with any Governmental Authority relating to Taxes. No reassessments of National Post's Taxes have been issued and are outstanding. Neither National Post nor any of the LP Entities has received any indication from any Governmental Authority that an assessment or reassessment of National Post is proposed in respect of any Taxes, regardless of its merits.
- (e) There are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any Tax Return or the payment

of any Taxes by National Post or the period for any assessment or reassessment of Taxes.

- (f) Provided that the amount paid under Section 2.1 for each of the debts owed by National Post to CPI exceeds 80% of the principal amount of such debt, 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.
  - (g) 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.
  - (h) For all transactions, if any, between National Post and any Person that is a non-resident of Canada for purposes of the ITA with whom National Post was not dealing at arm's length and to which subsection 247(3) of the ITA would apply, National Post has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the ITA.
- (7) **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" for purposes of section 19 of the ITA.
- (8) **Bank Accounts and Authorizations.** Attached as Schedule 7.3(8) is a list of all safe deposit boxes and bank accounts of the LP Entities and the names of all Persons having access or signing authority and of all powers of attorney given by an LP Entity or National Post.
- (9) **Insurance.** The LP Entities and National Post maintain such policies of insurance, issued by responsible insurers, as are appropriate to the Business, the business of National Post and the Acquired Assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. All such policies of insurance 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.
- (10) **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 the Administrative Agent pursuant to and in accordance with the LP Support Agreement made among the LP Entities and the Administrative Agent dated January 8, 2010.

### Section 7.4 Share Capital, Dividends and Shares

(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 to Shares.** Except as disclosed in Schedule 7.4(2), CPI legally and beneficially owns and controls all shares of National Post, with a good and marketable title thereto free of any Encumbrances, adverse claims or claims of others.

(3) **No Other Acquisition Agreements.** Except as disclosed in Schedule 7.4(3), no Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, including a right of conversion or exchange attached to convertible securities, warrants or convertible obligations of any nature, for:

- (a) the purchase, subscription, allotment or issuance of, or conversion into, any of the unissued shares in the capital of National Post or any securities of National Post;
- (b) the purchase or other acquisition from CPI of any shares of National Post; or
- (c) the purchase or other acquisition from National Post of any of its undertaking, property or assets, other than in the Ordinary Course of Business.

(4) **Dividends.** Since the Reference Date, National Post has not, directly or indirectly, authorized, declared or paid any dividends or declared or made any other distribution or return of capital in respect of any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so.

### Section 7.5 Assets

(1) **Title to Assets.** The LP Entities are the owners of and have good and marketable title to the Acquired Assets (other than the shares of National Post), and on the Acquisition Date CPI will be the owner of and have good and marketable title to all of the Acquired Assets which as of the date hereof are owned by Canwest GP, Canwest LP or Canwest Books, free and clear of all Encumbrances, except for:

- (a) the properties and assets disposed of, utilized or consumed by the LP Entities since the Reference Date in the Ordinary Course of Business or as permitted under this Agreement;
- (b) the Permitted Encumbrances; and
- (c) the fact that legal title to the Real Property known municipally as 2575 McCulloch Road, Nanaimo, British Columbia and 4918 Napier Street, Port Alberni, British Columbia is held by Canwest Media Inc., as nominee for CPI.

There are no agreements or commitments to purchase property or assets by an LP Entity or National Post for use in the Business or the business of National Post, other than in the Ordinary Course of Business.

**(2) Real Property.**

- (a) The Real Property and the Leased Premises listed in Schedule 7.5(2) are the only real property held or used in connection with the Business or the business of National Post.
- (b) CPI is the absolute, legal and beneficial owner of, and has good and marketable title in fee simple to, the Real Property, free and clear of any and all Encumbrances, except for:
  - (i) the Permitted Encumbrances;
  - (ii) liens for current Taxes not yet due; and
  - (iii) the fact that legal title to the Real Property known municipally as 2575 McCulloch Road, Nanaimo, British Columbia and 4918 Napier Street, Port Alberni, British Columbia is held by Canwest Media Inc., as nominee for CPI.

Complete and correct copies of all documents creating Permitted Encumbrances affecting the Real Property have been provided to Acquireco other than those that can be obtained from the relevant registry or land titles offices.

- (c) There are no agreements, options, contracts or commitments to sell, transfer or otherwise dispose of the Real Property or which would restrict the ability of CPI to transfer the Real Property to Acquireco other than Permitted Encumbrances or as set out on Schedule 7.2(2) or as contemplated by this Agreement.
- (d) The Real Property and the conduct of the Business and the business of National Post as presently conducted do not violate, and the use thereof in the

manner in which presently used is not adversely affected by, any Applicable Laws including zoning and building by-laws, ordinances, regulations, covenants and official plans, nor does the Real Property or such use violate any covenant, restriction or easement affecting the Real Property or its use, except as would not have a Material Adverse Effect. CPI has not received any notification alleging any such violation from any Governmental Authority or other Person entitled to enforce the same.

- (e) The buildings and other structures on or appurtenant to the Real Property are located wholly within their boundaries and do not encroach upon any registered or unregistered easement or right-of-way affecting the Real Property except as permitted by agreement or law and except to the extent any such encroachments 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. There is no encroachment onto any of the Real Property by buildings and improvements from any adjoining lands other than pursuant to Permitted Encumbrances, except for any such encroachments that, alone or in the aggregate, are not materially adverse to the Business, the business of National Post or the operation of any newspaper which is part of the Business.

**(3) Real Property Leases and Leased Premises.**

- (a) Schedule 1.1(100) describes all Real Property Leases. Complete and correct copies of the Real Property Leases have been provided to Acquireco.
- (b) Except as disclosed in Schedule 1.1(100), as of the date hereof the LP Entities are and on the Acquisition Date CPI will be 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 1.1(100) or as 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 have been duly paid and performed. Except as disclosed in Schedule 1.1(100) or as 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 CPI of the Real Property and the Leased Premises is in compliance with Applicable Laws and, in



particular, is not in breach of any building, zoning or other statute by-law, ordinance, regulation, covenant, restriction or official plan and CPI has adequate and lawful rights of ingress and egress to and from public roads for the operation of the Business in the Ordinary Course of Business, except to the extent any breaches or lack of rights 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 and, specifically:

- (a) no material alteration, repair, improvement or other work that has not been completed has been ordered, directed or requested in writing by any Governmental Authority to be done in respect of the Real Property or, to the extent CPI is responsible therefore, under the applicable Real Property Lease in respect of the Leased Premises;
  - (b) except for pre-filing amounts stayed by the Initial Order, all accounts for work and services performed and materials furnished in respect of the Real Property or the Leased Premises at the request of CPI have been paid and no Person is entitled to claim a lien under the *Construction Lien Act* (Ontario) and similar legislation in any other jurisdiction against the Real Property, the Leased Premises or any part thereof, other than for current accounts in respect of which the due date has not yet passed;
  - (c) except for pre-filing amounts stayed by the Initial Order, there is nothing owing by CPI in respect of the Real Property or the Leased Premises to any municipal corporation, or to any other corporation or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water, or for the use thereof, other than current accounts in respect of which the due date has not yet passed; and
  - (d) no material part of the Real Property or the Leased Premises has been taken or expropriated by any Governmental Authority nor has any notice or proceeding in respect thereof been given, threatened or commenced.
- (5) **Environmental Matters.**
- (a) Except as disclosed in Schedule 7.5(5)(a), (i) the LP Entities, the operation of the Business and the business of National Post, the Acquired Assets and the use, maintenance and operation thereof have been and are in compliance with all Environmental Laws; (ii) the LP Entities have complied with all reporting and monitoring requirements under all Environmental Laws; and (iii) LP Entities have not received any notice of any non-compliance with any Environmental Law, and LP Entities have never been convicted of an offence for non-compliance with any Environmental Law or been fined or otherwise sentenced or settled any prosecution under any Environmental Law short of conviction.

- (b) Except as disclosed in Schedule 7.5(5)(a), there is no pending or, to the best of the LP Entities' knowledge, threatened Environmental Claim against the LP Entities or against any prior owner or occupant of any Real Property or Leased Premises.
- (c) The LP Entities have obtained all Environmental Permits necessary to conduct the Business and to own, use and operate the Acquired Assets, where failure to obtain such Environmental Permits would have a Materially Adverse Effect. All such Environmental Permits are listed in Schedule 7.5(5)(a) and complete and correct copies thereof have been provided to Acquireco. All such Environmental Permits are valid and are in full force and effect, there have been no violations thereof and there are no legal proceedings pending or threatened to alter or revoke any of them.
- (d) Except as disclosed in Schedule 7.5(5)(a),
- (i) except in compliance with Environmental Laws and to the extent not material to the Business, the business of National Post or the operation of any newspaper which is part of the Business, (A) there are no Contaminants located in, on or under any of the Acquired Assets, and (B) no Release of any Contaminant has ever occurred on or from any of the Acquired Assets nor has any Release resulted from the operation of the Business;
  - (ii) the LP Entities have not used any of the Acquired Assets to produce, generate, store, handle, transport or dispose of any Contaminant except in compliance with Environmental Laws and none of the Real Property or Leased Premises has been or is being used as a landfill or waste disposal site;
  - (iii) the LP Entities are not, and there is no basis upon which an LP Entity would reasonably be expected to become, responsible to undertake any clean-up, corrective action, or governmental response, under any Environmental Laws; and
  - (iv) without limiting the generality of the foregoing, there are no underground or surface storage tanks, pits or lagoons, waste disposal sites or urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls or radioactive substances located in, on or under any of the Acquired Assets.
- (e) 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 ten 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 Acquireco.

- (f) The LP Entities have delivered to Acquireco true and complete copies of all material written communications dated after January 1, 2005, between an LP Entity and any Governmental Authority having authority under Environmental Laws which relate to the Business or any of the Acquired Assets. The LP Entities are not in breach of any Environmental Law in any jurisdiction where the Business is carried on.

(6) **Personal Property.** Schedule 7.5(6) lists or identifies all items of Tangible Personal Property which are material to the Business, the business of National Post or the operation of any newspaper which is part of the Business and the location where such items are situate, including a brief description of the property situate at each location and an indication of whether such property is owned or leased. Each item of Tangible Personal Property is, in all material respects, in good working order and repair, fully operational and free of any material defect, except for normal wear and tear, and is suitable and adequate for the purpose for which it has been designed in all material respects.

(7) **Personal Property Leases.** Schedule 7.5(7) 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 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 default by any party under any Personal Property Lease nor any dispute between an LP Entity and any other party under any Personal Property Lease.

(8) **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 or the Business which have been issued by any or 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.

(9) **Plants, Facilities and Equipment.** Except as set out in Schedule 7.5(9), the buildings and structures comprising the Real Property and, to the best of the LP Entities' knowledge, those comprising the Leased Premises, are free of any material structural defect. The heating, ventilating, plumbing, drainage, electrical and air conditioning systems and all other systems used in the Real Property and the Leased Premises and all related fixtures, machinery, equipment, tools, furniture, furnishings and materials are in good working order and repair, fully operational and free of any defect, except for normal wear and tear and for defects that, alone or in the aggregate, are not materially adverse to the Business, the business of National Post or the operation of any newspaper which is part of the Business.

**(10) Computer Systems.**

- (a) The Computer Systems meet the data processing and other computing needs of the Business and its operations as presently conducted in all material respects. The Computer Systems function, operate, process and compute in accordance with all Applicable Laws, current industry standards and trade practices consistent with those that would reasonably and ordinarily be expected from qualified, skilled and experienced persons engaged in a similar type of undertaking under the same or similar circumstances.
- (b) To the knowledge of the LP Entities, the Computer Systems are free from viruses and disabling codes and devices, and the LP Entities have taken, and will continue to take, all industry standard steps and procedures necessary to ensure, so far as reasonably possible, that such systems are free from viruses and disabling codes and devices and will remain so until the Acquisition Date.
- (c) The LP Entities have in place appropriate back up systems and disaster recovery plans, procedures and facilities necessary to ensure the continuing availability and functionality provided by the Computer Systems in the event of any malfunction or other form of disaster affecting the Computer Systems and has taken all steps and implemented all procedures to safeguard its Computer Systems and restrict unauthorized access thereto.
- (d) All the source codes for proprietary software (other than off-the-shelf applications software) constituting part of the Computer Systems are subject to escrow arrangements that would enable Acquireco to have access to such source codes in the event of the applicable licensor's insolvency or failure or refusal to maintain or provide support for the software.

**(11) Intellectual Property.**

- (a) Schedule 7.5(11) sets forth a complete list and a brief description of (a) all Intellectual Property whether or not such Intellectual Property has been registered or whether applications for registration have been filed by or on behalf of an LP Entity; and (b) particulars of all registrations and applications for registration in respect of such Intellectual Property. The Intellectual Property disclosed in Schedule 7.5(11) is valid, enforceable and subsisting and includes all of the Intellectual Property used in, or necessary to carry on, the Business.
- (b) Each LP Entity, as applicable, has good and valid title to all of the Intellectual Property, free and clear of any and all Encumbrances (other than Permitted Encumbrances), except in the case of any Intellectual Property licensed to an LP Entity as disclosed in Schedule 7.5(11). Complete and correct copies of all agreements whereby any rights in any of the Intellectual Property have been granted or licensed to an LP Entity have been provided to Acquireco. All such

agreements are in good standing and in full force and effect. No royalty or other fee is required to be paid by an LP Entity to any other Person in respect of the use of any of the Intellectual Property except as provided in such agreements delivered to Acquireco.

- (c) Schedule 7.5(11) lists any agreements whereby any rights in any of the Intellectual Property have been granted or licensed by an LP Entity to any other Person. Complete and correct copies of all such agreements have been provided to Acquireco. Except in the case of Intellectual Property licensed to or by an LP Entity as indicated in Schedule 7.5(11), each LP Entity, as applicable, has the exclusive right to use all of the Intellectual Property and has not granted any license or other rights to any other Person in respect of the Intellectual Property.
- (d) Except as disclosed in Schedule 7.5(11), there are no restrictions on the ability of an LP Entity or any successor to or assignee from an LP Entity to use and exploit all rights in the Intellectual Property. All statements contained in all applications for registration of the Intellectual Property were true and correct as of the date of such applications. Each of the trade-marks and trade names included in the Intellectual Property is in use. None of the rights of an LP Entity in the Intellectual Property will be impaired or affected in any way by the Acquisition.
- (e) Except as disclosed in Schedule 7.5(11), there are no claims pending, or to the knowledge of the LP Entities threatened, against the LP Entities relating to any of the Intellectual Property.
- (f) The Employees, and all consultants and contractors retained by an LP Entity, have agreed to maintain the confidentiality of confidential Intellectual Property, have agreed to assign any copyrights in the Intellectual Property which may arise in their name, and have provided written, unrestricted waivers of all moral rights in copyrighted works included in the Intellectual Property, which waivers may be invoked by any person authorized by an LP Entity to use the copyrighted works.

## Section 7.6 Conduct of Business

(1) **No Material Adverse Change.** Except as disclosed in writing to the Administrative Agent 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 and the business of National Post other than changes in the Ordinary Course of Business or as otherwise contemplated in this Agreement, which has had or reasonably could have a Materially Adverse Effect or a materially adverse effect on National Post or any newspaper which is part of the Business, nor has there been any damage, destruction or loss or other event, development or condition of any character (whether or not covered by insurance) affecting the Business, National Post or the Acquired Assets which would

constitute a Material Adverse Effect or be materially adverse to the operation any newspaper which is part of the Business.

(2) **Ordinary Course.** Except as disclosed in writing to the Administrative Agent or as approved by an Order of the CCAA Court, the Business and the business of National Post has been carried on in the Ordinary Course of Business since the Reference Date, and will be carried on 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) **Necessary Assets.** The Acquired Assets together with the properties and assets owned by National Post are sufficient to permit the continued operation of the Business after the Acquisition Date as currently conducted in all material respects and include all proprietary rights, trade secrets and other property and assets, tangible and intangible, applicable to or used in connection with the Business. No Person other than an LP Entity or National Post owns any properties or assets which are being used in or are reasonably necessary to carry on the Business in the Ordinary Course of Business except assets subject to Real Property Leases, Personal Property Leases or Contracts and other assets that the applicable LP Entity or National Post has the right to possess and use pursuant to a valid legal right which is an Acquired Asset under this Agreement.

(4) **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 Acquireco 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 Acquireco 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.

(5) **Non-Arm's Length Interests.** Except as disclosed in Schedule 7.6(5), neither an LP Entity nor any Person not dealing at arm's length with an LP Entity within the meaning of the ITA nor any officer or director of an LP Entity or of any such Person nor, to the best of the LP Entities' knowledge, any relative of any such officer or director, is a party to or has an interest with respect to any Contract or commitment which relates to or affects the Business or by which any of the Acquired Assets may be bound or has any material interest in any property, real or personal, tangible or intangible, used in or pertaining to the Business, in either case which is material to the Business or the operation of any newspaper which is part of the Business.

(6) **Contracts.** Schedule 7.6(6) lists or identifies all Contracts 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 contemplated by or resulting from the CCAA Case, (i) no LP Entity is, nor to the best of the LP Entities' knowledge is any other party to any such Contract in default under any such 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 any other party to any such Contract, in each case except where such default is material to

the Business, National Post or the operation of any newspaper which is part of the Business; (ii) each such Contract is in full force and effect, unamended by written or oral agreement, except as set out in Schedule 7.6(6) and an LP Entity is entitled to the full benefit and advantage of each Contract in accordance with its terms; (iii) a notice of default has not been received by any LP Entity under any such Contract or of a dispute between an LP Entity and any other Person in respect of any such Contract; and (iv) the completion of the Acquisition will not afford any party to any such Contract or any other Person the right to terminate such Contract nor will the completion of such transactions result in any additional or more onerous obligation on an LP Entity or Acquireco under any such Contract.

(7) **Licences and Compliance with Law.** Schedule 7.6(7) lists all Licences which are material to the operation of the Business, National Post or the operation of any newspaper which is part of the Business. Such Licences are held by an LP Entity free and clear of any and all Encumbrances other than Permitted Encumbrances. The Business, the business of National Post and each newspaper which is part of the Business is being conducted and operated by the LP Entities and National Post, as the case may be, in all material respects in accordance with all terms and conditions of such Licences. Except as contemplated by or resulting from orders made in the CCAA Case, all such Licences are valid and are in full force and effect, and no LP Entity is in material violation of any term or provision or requirement of any such Licence, and to the knowledge of the LP Entities no Person has threatened to revoke, amend or impose any condition in respect of, or commenced proceedings to revoke, amend or impose conditions in respect of, any such Licence.

(8) **Operations and Assets.** Attached as Schedule 7.6(8) is a list of each jurisdiction in which the Business and the business of National Post is carried on and a brief description of the nature of the operations carried on in each such jurisdiction and a list of each jurisdiction in which tangible assets owned or used by an LP Entity or National Post in the Business are located.

### **Section 7.7 Employment Matters**

(1) **Employees.** Schedule 7.7(1) states the age, location of employment, job title, length of service, commission and bonus entitlements, CPI Benefit Plan participation and salary or wage rate of each Employee and each other Person receiving remuneration for work or services being provided to an LP Entity in respect of the Business including contactors, consultants, agents and agency employees, and indicates any Employee who is on an approved leave of absence together with the reason for such Person's leave and such Person's expected date of return to work. Schedule 7.7(1) also identifies any Employees and other Persons who have advised CPI in writing that they will resign or retire or cease to provide work or services as a result of the Acquisition. Except as set out in Schedule 7.7(1), no Employee is on long-term disability leave, extended absence or receiving benefits pursuant to the *Workplace Safety and Insurance Act, 1997* (Ontario) or comparable legislation of any other jurisdiction.

(2) **Remuneration.** Since the Reference Date, except as described in Schedule 7.7(2), to the best of the LP Entities' knowledge 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 the Administrative Agent prior to the date the Initial Order was issued. 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.

(3) **Labour Matters and Employee Contracts.** Except as disclosed in Schedule 7.7(3), neither an 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 7.7(3), during the period of five years preceding the date of this Agreement there has been no attempt to organize, certify or establish any labour union, employee association or similar entity in relation to any of the Employees or employees of National Post. Except as disclosed in Schedule 7.7(3), neither an LP Entity nor National Post are a party to any employment agreement, termination or severance agreement, consulting contract, independent contractor agreement, agency contract or similar agreement or arrangement, and there is no agreement for the employment of any Employee or employee of National Post which cannot be terminated on reasonable notice and without penalty. There is no agreement, policy, plan or practice relating to the payment of any management, consulting or other fee or any bonus, retention payment, change of control or golden parachute payment, pension, share of profits or retirement allowance, or any insurance, health or other employee benefit, except as disclosed in Schedule 7.8(1). Each LP Entity and National Post have complied with all provisions of the collective agreements and other agreements disclosed in Schedule 7.7(3) 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, except as disclosed in Schedule 7.7(3).

(4) **Employee Laws.** Each LP Entity and National Post has complied with all Employment Laws and, except as disclosed in Schedule 7.7(4), and there are no threatened, pending or outstanding charges, applications, claims, Orders, investigations, audits or complaints against an LP Entity or National Post under any Employment Laws, nor have there been any charges, applications, claims, Orders or complaints against an LP Entity or National Post under any Employment Laws within the period of five years preceding the date of this Agreement. Each LP Entity and National Post have paid in full all amounts owing under the *Workplace Safety and Insurance Act, 1997* (Ontario) and comparable applicable legislation of



other jurisdictions and there are no circumstances, related to the workers' compensation claims experience of an LP Entity or National Post or otherwise, which would permit or require a reassessment, penalty, surcharge or other additional payment under such legislation. 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. 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, premiums for employment or unemployment insurance, employer health tax, Canada/Quebec Pension Plan premiums, accrued employee compensation and Benefit Plan 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.

(5) **WSIB Premiums.** The LP Entities have (a) reported appropriate premiums based on actual or estimated earnings for all past reporting periods and (b) paid all amounts owing to the Workplace Safety and Insurance Board (Ontario) and comparable agencies of other applicable jurisdictions to and including the Acquisition Date.

### **Section 7.8 Pension and Other Benefit Plans**

(1) **CPI Benefit Plans.** Schedule 7.8(1) lists all of the CPI Pension Plans, CPI Benefit Plans and Multi-Employer Plans.

(2) **Disclosure.** True, current and complete copies of all written CPI 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 CPI Benefit Plans have been delivered or made available to Acquireco, including, where applicable:

- (i) trust agreements and funding agreements applicable to the CPI Pension Plans;
- (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 concerning any CPI Benefit Plans;
- (iv) the most recent financial and accounting statements and reports together with the four most recent quarterly investment 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 CPI Benefit Plan.
- (3) **Compliance.** Each of the CPI Benefit Plans is registered, qualified, invested and administered, in all material respects, in compliance with the terms of such CPI Benefit Plan, with all Applicable Laws, and any applicable collective agreements. None of the LP Entities has received in the last six years, any notice from any Person questioning or challenging such compliance (other than a claim relating solely to that Person), and none of the LP Entities 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 CPI Benefit Plan and no improvements to any CPI Benefit Plan have been promised that are not disclosed in the plan documents provided to Acquireco, 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 CPI to any Multi-Employer Plans in which CPI participates or to which CPI is required to contribute are restricted to providing information and making contributions in accordance with Applicable Laws and the terms of the collective agreements listed in Schedule 7.7(3).
- (6) **Employee Data.** To the knowledge of CPI, all employee data necessary to administer the CPI Benefit Plans is true and correct in all material respects.
- (7) **Penalties, Taxes.** To the best of the LP Entities' knowledge, there are no outstanding defaults or violations by any LP Entity in respect of any CPI Pension Plan or CPI Benefit Plan and no Taxes, penalties or fees are owing or exigible under any of the CPI Pension Plans and the CPI Benefit Plans.
- (8) **Contributions.** All contributions or premiums required to be paid or remitted by an LP Entity under the terms of each CPI 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 of the CPI Pension Plans and the CPI Benefit Plans and any Applicable Law or collective agreement or other labour union contract. All Employee contributions to the CPI Benefit Plans required to be made by way of payroll deduction have been authorized by the Employees and properly withheld by an LP Entity and fully paid into the CPI Pension Plan funds or remitted in connection with the CPI Pension Plans.
- (9) **Investigations.** To the best of the LP Entities' knowledge, as applicable, the CPI Pension Plans and the CPI Benefit Plans or any related trust or other funding medium thereunder, are not subject to any pending threatened or anticipated investigation, examination or other proceeding, action or claim initiated by any Governmental Authority or by any Employee or beneficiary covered under a CPI Pension Plan or CPI Benefit Plan, involving any CPI Pension Plan or CPI Benefit Plan or by any other party (other than routine claims for benefits).

(10) **Post-Retirement Benefits.** Except as disclosed in Schedule 7.8(1), none of the CPI Benefit Plans, other than the CPI Pension Plans, provide benefits beyond retirement or other termination of service to Employees or former employees or beneficiaries or dependants of such employees.

(11) **CPI Pension Plans.** In respect of each of the CPI Pension Plans,

- (a) to the best of the LP Entities' knowledge, no adverse change has occurred that would have a material effect on the current funded status of any of the CPI Pension Plans;
- (b) there are no entities other than the LP Entities participating in any CPI Pension Plans or participating employers that are so designated by a participation agreement between the participating employer and the applicable CPI Pension Plan, participating in any CPI Pension Plans. All Employee participants in each CPI Pension Plan are eligible for membership in the applicable CPI Pension Plan pursuant to the terms of the CPI Pension Plan and Applicable Law; and
- (c) all assets of the pension funds related to the CPI Pension Plans are available to meet the liabilities and claims of the applicable CPI Pension Plan.

## Section 7.9 General Matters

(1) **Compliance with Constatting Documents, Agreements and Applicable Laws.** 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 violation or breach of or default under, or cause the acceleration of any obligations of an LP Entity or National Post 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 Contract, Personal Property Lease or Real Property Lease, in each case, that is material to the Business, the business of National Post or the operation of any newspaper which is part of the Business; and
- (c) subject to obtaining the Regulatory Approvals, any term or provision of any
  - (i) Licence or Order that is material to the Business, the business of National Post or the operation of any newspaper which is part of the Business or
  - (ii) Applicable Law.

(2) **Compliance with Laws.** None of the LP Entities or National Post is carrying on the Business (or, in the case of National Post, its business) in violation of any Applicable Law, including laws relating to its operations, products, manufacturing processes, advertising, sales or employment practices, wages and hours, product safety or civil rights, where such violation

is material to the Business, the business of National Post or the operation of any newspaper which is part of the Business.

(3) **Litigation.** Except for the matters referred to in Schedule 7.9(3), there are no actions, applications, complaints, claims, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of an LP Entity or National Post) pending or, to the best of the LP Entities' knowledge, threatened, by or against or affecting an LP Entity or National Post, at law or in equity, or before or by any court or other Governmental Authority, which might result in a Material Adverse Effect or which might adversely affect the ability of the LP Entities to enter into this Agreement or to consummate the Acquisition, nor are there grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success.

(4) **Copies of Documents.** True and complete copies of all contracts, leases, collective agreements, pension plans, benefit plans, policies of insurance and other documents identified in any schedule to this Agreement have been delivered to Acquireco.

(5) **Full Disclosure.** The representations and warranties of the LP Entities contained in this Agreement and in any certificate or other agreement delivered in connection with completion of the Acquisition are accurate and complete, do not contain any untrue statement of a Material fact or, considered in the context in which presented, omit to state a material fact necessary in order to make the statements and information contained herein or therein not misleading. Without restricting the generality of the foregoing, there are no facts known to the LP Entities or National Post which should be disclosed to Acquireco in order to make any of the representations and warranties contained in this Agreement not misleading or which may have a Material Adverse Effect and no facts are known to the LP Entities or National Post which might reasonably constitute a Material Adverse Effect or would operate to prevent Acquireco from using the Acquired Assets to operate the Business, the business of National Post and the newspapers which is part of the Business in the manner in which the LP Entities and National Post have operated the Business, the business of National Post and such newspaper prior to the date of this Agreement.

(6) **National Post Transition Agreement.** There are no facts or circumstances known to the LP Entities which, if had been known to National Post on the Closing Date (as that term is defined in the National Post Transition Agreement made between National Post and CPI as of October 26, 2009 (the "NP Transition Agreement")) would have made any representation or warranty of National Post under the NP Transition Agreement or under any document delivered by National Post pursuant to the NP Transition Agreement untrue.

## ARTICLE 8 – REPRESENTATIONS AND WARRANTIES OF ACQUIRECO

Acquireco 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**

Acquireco is a subsisting corporation in Good Standing under the laws of Canada and has full corporate 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 Acquireco and no other corporate proceedings on the part of Acquireco are necessary to authorize this Agreement or the Acquisition.

**Section 8.3 Enforceability**

This Agreement has been duly and validly executed and delivered by Acquireco and is a valid and legally binding agreement of Acquireco enforceable against Acquireco 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, Acquireco is not a "non-Canadian" within the meaning of the ICA.

**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 Acquireco, 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 and take any and all such further actions reasonably requested by Acquireco to the end that the Business and the business of National Post shall not be impaired in any material respect at the Acquisition Date, 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) **Agreements.** Perform in all material respects their obligations under agreements, contracts and instruments related to or affecting the Business, the business of National Post or the Acquired Assets;
- (d) **Books and Records.** Maintain the Books and Records, including the Financial Records, in the Ordinary Course of Business and not make any material change in their accounting principles, policies, practices or methods;
- (e) **Compliance with Laws.** Comply in all material respects with all Applicable Laws applicable to the Business, the business of National Post and with all Orders made by the CCAA Court in respect of the CCAA Case;
- (f) **Additional Agreements.** Not enter into or assume any agreement, contract or commitment, except (a) purchases of supplies and sales of Inventories in the Ordinary Course of Business and (b) agreements, contracts or commitments which, individually or in the aggregate, are not material to the Business taken as a whole, nor otherwise make any material change in the conduct of the Business or the business of National Post;
- (g) **Inconsistent Activities.** Not solicit or encourage any inquiries or proposals or initiate discussions or negotiations with, or provide any information to any third party (other than Acquireco) 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, other than in connection with a Post-Filing Disposition.
- (h) **Employee Remuneration.** Except for increases in the Ordinary Course of Business or as may otherwise be required by any Contract that is listed in a schedule to this Agreement, not (a) increase the compensation of any Employee or employee of National Post or of any director, officer, consultant, contractor, agency employee or agent of an LP Entity or National Post; (b) improve the CPI Benefit Plans in any manner, (c) pay to or for the benefit of, or agree to pay to or for the benefit of, any Employee or employee of National Post, or of any director, officer, consultant, contractor, agency employee or agent of an LP Entity or National Post any pension or retirement allowance or other benefit not required by the CPI Benefit Plans or Contracts with Employees or employees of National Post; or (d) commit to any new or renewed employee pension, disability, bonus, commission, deferred or incentive compensation, salary continuation, supplemental unemployment, termination or severance, profit sharing, share purchase, stock option, stock

appreciation, phantom stock option, retirement, group insurance, hospitalization, death benefit, sick leave, holiday, vacation, overtime, medical, dental, health and welfare or other employee benefit plan, agreement, policy, practice or other arrangement; nor will an LP Entity or National Post amend any of the arrangements referred to in this Section 9.1(1)(h) now in existence;

- (i) **Undertaking.** Operate the Business and the business of the National Post in accordance with the undertaking made to the Administrative Agent dated as of October 30, 2009;
- (j) **Disposition of Assets.** Except in the Ordinary Course of Business, not sell, transfer, mortgage, encumber or otherwise dispose of, or agree to sell, transfer, mortgage, encumber or otherwise dispose of any properties or assets, real, personal or mixed, other than in connection with a Post-Filing Disposition;
- (k) **Intercompany Business.** Not make any change, except in the Ordinary Course of Business or as provided in the Shared Services Agreement, in the manner of conducting business with any Affiliate;
- (l) **Intercompany Payments.** Not make any payment or distribution to any Affiliate except (i) pursuant to and in accordance with existing share services agreements, as amended by the Agreement on Shares Services and Employees dated as of October 26, 2009 to which the LP Entities are party and (ii) advances by CPI to National Post in accordance with CPI's existing credit agreement with National Post; or
- (m) **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.
- (n) **CPI Pension Plans.** Subject to Section 5.5:
  - (i) As soon as practicable after the Acquisition Date, seek and use commercially reasonable efforts to obtain all required approvals from Governmental Authorities to amend the CPI Pension Plans to transfer sponsorship of the CPI Plans to Acquireco as set out in Section 5.3;
  - (ii) Transfer to Acquireco all employee data and documentation in CPI's possession and the possession of National Post, as the case may be related to the administration of the CPI Pension Plans; and
  - (iii) Prior to the assumption by Acquireco of the CPI Pension Plans, take whatever reasonable action is necessary to confirm that only those Transferred Employees who meet the eligibility criteria to qualify for membership in an applicable CPI Pension Plan in accordance with the

terms of the applicable CPI Pension Plan and Applicable Law are members of the applicable CPI Pension Plan.

(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.

### **Section 9.2 Competition Act Filings**

CPI shall fully co-operate and communicate with Acquireco 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.

### **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 at the request of Acquireco, during the Interim Period, use commercially reasonable efforts, in co-operation with Acquireco, to secure any Third Party Approval required in connection with the assignment of such Acquired Asset prior to the Acquisition Date.

(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 Order, on the Acquisition Date the LP Entities shall assign the relevant Acquired Asset to Acquireco 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 shall provide Acquireco, its auditors, consultants, counsel and other representatives (a) such information about the Business and the business of National Post as Acquireco may reasonably require from time to time and (b) reasonable access to the LP Entities and National Post's premises, 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 Acquireco, 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 Acquireco under this Agreement.

(2) Acquireco 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 Acquireco and CPI may agree) (the "**Retention Period**"). During the Retention Period,



Acquireco 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 Acquireco shall assist the Monitor in the performance of its duties and obligations including the preparation and service of notices to creditors and preparation of the LP Entities' tax returns, provided such request for assistance does not (a) require a material amount of effort by any employee, (b) preclude any employee from performing its normal duties for Acquireco or (c) result in Acquireco incurring any additional cost or expense. During the Retention Period, if reasonably requested by any trustee in bankruptcy appointed in respect of the estates of the LP Entities, Acquireco 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, in each case as the trustee in bankruptcy may reasonably require to comply with its statutory duties and obligations on or before the first meeting of creditors and/or in connection with the final completion of the estate and, for greater certainty, not in relation to the investigation or pursuit of claims or remedies pursuant to sections 95 to 101 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, or any similar claims under any Applicable Law.

### **Section 9.5 Personal Information Privacy**

Acquireco 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 Acquireco by the LP Entities or National Post under this Agreement. Acquireco 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. Acquireco 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. Acquireco 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 Intercompany Transfers**

On the Acquisition Date and in accordance with the Plan on such terms and conditions as may be specified in the Plan, CPI shall (a) pursuant to the Sanction Order, acquire from Canwest Books, Canwest GP and Canwest LP all assets or property of or used by or in the possession or control of Canwest Books, Canwest GP and Canwest LP (other than, in respect of Canwest GP, partnership interests in Canwest LP and special voting shares of CPI, in

respect of Canwest LP, shares of CPI and the CPI Debt, and, in respect of CPI, shares of Canwest Books), (b) assume from Canwest LP all Liabilities of Canwest LP that would be Assumed Liabilities under the terms of this Agreement and (c) offer to employ all employees of Canwest LP who provide services to the Business, all on terms and conditions satisfactory to Acquireco, such that immediately prior to the Acquisition Time, CPI is the sole owner of such Acquired Assets, such Liabilities are obligations of CPI and all Employees are employees of CPI.

### **Section 9.7 Certain Additional Information**

Without limiting the generality of Section 9.4(1), not less than 10 Business Days prior to the Acquisition Date the LP Entities shall provide to Acquireco such information as Acquireco may reasonably request about Liabilities of CPI which Acquireco is obligated or has the option to assume under this Agreement, to enable Acquireco to determine the extent of such Liabilities and whether, among other things, to exercise any option to assume any such Liabilities or any election under this Agreement not to assume any such Liabilities.

## **ARTICLE 10 – CONDITIONS**

### **Section 10.1 Acquireco's Conditions**

The obligations of Acquireco under this Agreement are subject to the conditions set out in this Section 10.1, which are for the exclusive benefit of Acquireco and all or any of which may be waived, in whole or in part, by Acquireco 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 its 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 occurrence of events or transactions expressly contemplated and permitted by this Agreement, or otherwise consented to in writing by Acquireco) and the LP Entities shall have delivered to Acquireco a certificate addressed to Acquireco 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, including delivery of all documents, instruments and other items specified elsewhere in this Agreement and delivery of the following:

- (a) a certificate of status or the equivalent for each LP Entity (other than Canwest LP) and National Post issued by the appropriate Governmental Authority in its jurisdiction of incorporation;
- (b) certified copies of (i) the articles and by laws of each LP Entity (other than Canwest LP) and National Post; (ii) all resolutions of shareholders and directors of LP Entity (other than Canwest LP) and National Post approving the entering into of this Agreement and the completion of the Acquisition; and (iii) a list of directors and officers LP Entity (other than Canwest LP) authorized to sign this Agreement and any other documents required to be delivered hereunder; and
- (c) certified copies of (i) the limited partnership agreement, as amended of Canwest LP; (ii) all resolutions of the directors of Canwest GP, as general partner of Canwest LP, approving the entering into of this Agreement; and (iii) a list of directors and officers of Canwest GP, as general partner of Canwest LP, authorized to sign this Agreement and any other documents required to be delivered hereunder.

(3) **Adverse Proceedings.** (a) No action or proceeding shall be pending or threatened which could reasonably be expected to enjoin, impair or prohibit the completion of the Acquisition or which could prevent or impair the operation of the Business or the business of National Post after the Acquisition Date in substantially the same manner as it was operated before the Acquisition Date and (b) no Governmental Authority shall have issued any preliminary or final decision, order or decree in consequence of or in connection with the Plan or the Acquisition which restrains or prohibits the Acquisition or the Plan or requires or purports to require a variation of this Agreement or the Plan that is not acceptable to the Administrative Agent acting in consultation with the steering committee of Senior Lenders formed by the Administrative Agent from time to time.

(4) **Material Adverse Change.** No damage to or destruction of a material part of Acquired Assets shall have occurred and no Material Adverse Effect shall have occurred, other than (i) changes in the Ordinary Course of Business which, in the reasonable business judgement of Acquireco, are not expected to be materially adverse to the Business or the business of National Post; and (ii) changes in connection with the CCAA Case which Acquireco does not, acting reasonably, consider to be materially adverse.

(5) **Status of Real Property Leases and Personal Property Leases.** Except in respect of Real Property Leases and Personal Property Leases which the CCAA Court has ordered be assigned to Acquireco, CPI shall have delivered to Acquireco (a) acknowledgements from the lessors under (i) the Real Property Leases and (ii) the Personal Property Leases which are material to the Business, the business of National Post or to the operation of any newspaper which is part of the Business that such leases are in full force and effect and CPI is not in breach of any of the terms thereof (other than as approved by Order of the CCAA Court) and (b) any Consent to the change in ownership effected by the Acquisition as may be required by the terms of any Real Property Leases.

(6) **Concurrent Transactions.** Concurrently with the completion of the Acquisition, the Parties shall have, or shall have caused to be, executed and delivered and shall have completed or caused to be completed the transactions contemplated by the following the documents contemplated under Section 12.2.

(7) **Corporate Action.** All appropriate action of the shareholders, partners, directors and officers of the LP Entities and National Post shall have been taken.

(8) **Approvals, Consents, etc.** All Consents and Regulatory Approvals shall have been received and shall be absolute or on terms reasonably acceptable to Acquireco, except where any failure to obtain any such Consent or Regulatory Approval could have a materially adverse effect on the Business or the operation of the National Post newspaper or any newspaper which is part of the Business.

(9) **Workplace Safety and Insurance Act Certificate.** The LP Entities shall have delivered to Acquireco a Purchase Certificate issued under section 146 of the *Workplace Safety and Insurance Act* (Ontario) and equivalent documentation of workers' compensation coverage and, subject to any policy of the Workplace Safety and Insurance Board (Ontario) and comparable agencies of other applicable jurisdictions which limit the availability of such certificates in the context of CCAA proceedings, up to date payment of premiums under the *Workplace Safety and Insurance Act* (Ontario) and comparable legislation of other applicable jurisdictions.

(10) **Intercompany Transfers.** The Intercompany Transfers shall have been completed.

(11) **Environmental Assessments.** CPI shall have provided Phase 1 environmental assessments on each parcel of Real Property that are satisfactory to Acquireco.

(12) **Employees.** With respect to the Employees who received the offer contemplated by Section 5.1, not more than 10% shall have indicated to CPI or Acquireco that they do not intend to accept such offers.

(13) **CCAA Case.** The CCAA Court shall not have (a) amended the Initial Order or (b) issued an Order in the CCAA Case containing terms which the Administrative Agent, in consultation with the Steering Committee (as defined in the Plan), considers to be unacceptable and no Order in the CCAA Case (including the Initial Order) shall have been stayed, reversed or varied in whole or in part on terms which the Administrative Agent, in consultation with the Steering Committee, considers to be unacceptable.

## 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 Acquireco. Acquireco 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 Acquireco contained in this Agreement shall be true as of the Acquisition Date with the same effect as though made on and as of that date and Acquireco shall have delivered to the LP Entities a certificate addressed to Acquireco to the foregoing effect dated the Acquisition Date.

(2) **Acquireco's Obligations.** Acquireco 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 including delivery of all documents, instruments and other items specified elsewhere in this Agreement and delivery of the following:

- (a) a certificate of compliance issued by the appropriate Governmental Authority in its jurisdiction of incorporation; and
- (b) certified copies of (i) the articles and by laws of Acquireco; (ii) all resolutions of directors of Acquireco approving the entering into of this Agreement and the completion of the Acquisition; and (iii) a list of directors and officers Acquireco authorized to sign this Agreement and any other documents required to be delivered hereunder.

(3) **Corporate Action.** All appropriate action of the directors and officers of Acquireco shall have been taken.

### Section 10.3 Investment Canada Act

If the Heritage Minister makes a determination that Acquireco is not a "non-Canadian" within the meaning of the ICA, Acquireco 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 Acquireco 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 Section 6.4, Section 9.3 and Section 9.4) 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 McMillan LLP, Suite 4400, 181 Bay Street, Toronto, Ontario, at the Acquisition Time.

### Section 12.2 Procedures

At the Acquisition Time, subject to the satisfaction or waiver by the relevant Party of the conditions set forth in Article 10, the LP Entities shall assign and transfer to Acquireco all right, title and interest in, to and under the Acquired Assets pursuant to the Sanction Order. To further evidence that the LP Entities have assigned and transferred to Acquireco all of their right, title and interest in, to and under the Acquired Assets, they shall execute and deliver to Acquireco:

- (a) a general conveyance and assumption agreement in respect of the Acquired Assets and the Assumed Liabilities;
- (b) deeds of sale or transfer in proper form for recording the conveyance of title to the Real Property (including deeds from Canwest Media Inc. in respect of the Real Properties municipally known as 2575 McCullough Road, Nanaimo, British Columbia and 4918 Napier Street, Port Alberni, British Columbia); and
- (c) such other instruments of conveyance, assignment and transfer as are necessary to vest in Acquireco all of the LP Entities' right, title and interest in, to and under the Acquired Assets.

### Section 12.3 Designated Acquireco

Prior to the Plan Implementation Date, Acquireco shall be entitled to designate one or more Affiliates to (i) acquire specified Acquired Assets; (ii) assume specified Assumed Liabilities; and/or (iii) employ specified Transferred Employees on or after the Acquisition Date (each a "**Designated Acquireco**"); provided such designation does not result in the elections contemplated in Section 6.1(4) ceasing to be available and provided each such Designated Acquireco agrees in writing to be bound jointly and severally with Acquireco 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:

- (a) by mutual written agreement of the LP Entities and Acquireco;

- (b) by Notice given by Acquireco to the LP Entities as permitted in Section 10.1 for failure of a condition to be satisfied if Acquireco has not waived such condition at or prior to the Acquisition Time;
- (c) by Notice given by the LP Entities to Acquireco 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; and
- (d) by Notice given by any Party of a specific right of termination to the other Party in this Agreement or if there has been a material breach of any provision of this Agreement by the other Party and such breach has not been waived by the non-breaching Party.

### **Section 13.2 Effect of Termination**

- (1) Each Party's right of termination under this Article 13 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. Nothing in this Article limits or affects any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement. 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 survive such termination unimpaired.

## **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 CPI.

### **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 to complete the Acquisition, including cooperating to obtain such

recognition orders of any order issued in connection with the CCAA Case as may reasonable 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:

Name: c/o Canwest Limited Partnership  
Address: 1450 Don Mills Road  
Don Mills, Ontario  
M3B 2X7  
Attention: Doug Lamb, Executive Vice President and Chief Financial Officer  
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

If to Acquireco:

Name: c/o The Bank of Nova Scotia  
Address: 62nd Floor  
40 King Street West, Scotia Plaza  
Toronto, Ontario  
M5W 2X6  
Attention: Robert King  
Fax No.: 416-866-2010  
Email: rob\_king@scotiacapital.com



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

Name: McMillan LLP  
 Address: Brookfield Place  
 Suite 4400, 181 Bay Street  
 Toronto, Ontario  
 M5J 2T3  
 Attention: Andrew J.F. Kent  
 Fax No: 416-865-7048  
 Email: andrew.kent@mcmillan.ca

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 Entire Agreement**

This Agreement 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. The Parties are not relying on any other information, discussion or understanding in entering into this Agreement and completing the Acquisition.

**Section 14.7 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 14.8 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 14.9 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 14.10 Remedies Cumulative**

The rights and remedies under this Agreement are cumulative and are 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 14.11 Assignment and Enurement**

Other than one or more assignments by Acquireco to one or more Designated Acquireco(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 14.12 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.

**Section 14.13 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]*

The Parties have executed this Agreement.

**7272049 CANADA INC.**

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●

**CANWEST BOOKS INC.**

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●

**CANWEST (CANADA) INC.**

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●

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

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●

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

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●

**Schedule 1.1(20) – Business**

**Schedule 1.1(39) – CPI Leased Property Leases**

**Schedule 1.1(85) – Permitted Encumbrances**



**Schedule 1.1(100) – Real Property Leases**

**Schedule 3.1(3) – Excluded Assets**

**Schedule 7.2(1) – Other Acquisition Agreements**

**Schedule 7.2(2) – Consents and Regulatory Approvals**

**Schedule 7.3(8) – Bank Accounts and Authorizations**

**Schedule 7.4(2) – Title to Shares**

**Schedule 7.4(3) – No Other Acquisition Agreements**

**Schedule 7.5(2) – Real Property**



**Schedule 7.5(5)(a) – Environmental Matters**

**Schedule 7.5(6) – Personal Property**

**Schedule 7.5(7) – Personal Property Leases**

**Schedule 7.5(11) – Intellectual Property**

**Schedule 7.6(5) – Non-Arm’s Length Interests**

**Schedule 7.6(6) – Contracts**

**Schedule 7.6(7) – Licences**

**Schedule 7.6(8) – Location of Assets**



**Schedule 7.7(1) – Employees**

**Schedule 7.7(2) – Remuneration**

**Schedule 7.7(3) – Labour Matters and Employee Contracts**

**Schedule 7.7(4) – Employment Laws**

**Schedule 7.8(1) – CPI Benefit Plans**

**Schedule 7.9(3) – Litigation**

**Schedule 7.5(9) – Plants, Facilities and Equipment**

SCHEDULE "1.1(43)"

CREDIT ACQUISITION SANCTION ORDER

See attached.



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE

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JUSTICE

)

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

**APPLICATION UNDER THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36**

**CREDIT ACQUISITION SANCTION, APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc. and Canwest (Canada) Inc. (collectively, the "**Applicants**") for an Order approving and sanctioning the plan of compromise and arrangement dated January 8, 2010 and attached as Schedule "A" to this Order (the "**Plan**") and for ancillary relief associated with the implementation of the Plan, was heard this day, at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the report of FTI Consulting Canada Inc. (the "**Monitor**") dated ●, 2010 (the "**Monitor's Report**"), and upon hearing submissions of counsel to the Applicants and Canwest Limited Partnership / Canwest Societe en Commandite ("**Canwest Limited Partnership**"), the Monitor, The Bank of Nova Scotia in its capacity as Administrative Agent for the Senior Lenders to Canwest Limited Partnership (the "**Administrative Agent**") and others:

**DEFINITIONS**

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the Plan and/or the initial order (the “**Initial Order**”) made by this Court under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) dated January 8, 2010.

**SERVICE AND MEETING**

2. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient service and notice of the Plan to all Senior Lenders.

3. **THIS COURT ORDERS** that there has been good and sufficient service of the Meeting Materials upon all Senior Lenders, and that the Senior Lenders Meeting was duly called, held and conducted in conformity with the CCAA and the Initial Order.

4. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient service and notice of this Sanction Hearing, and that this motion is properly returnable today and further service of the Notice of Motion and the Motion Record upon any interested party is unnecessary and is hereby dispensed with.

**PLAN SANCTION**

5. **THIS COURT ORDERS AND DECLARES** that:

- (a) the Plan has been approved by the requisite majority of Senior Lenders of the Applicants and Canwest Limited Partnership (collectively, the “**LP Entities**”) entitled to vote on the Plan in conformity with the CCAA and the terms of the Initial Order;

- (b) the LP Entities have acted in good faith and with due diligence and have complied and acted in accordance with the provisions of the CCAA and the Orders of this Honourable Court made in these proceedings in all respects;
- (c) this Honourable Court is satisfied that the LP Entities have not done or purported to do anything that is not authorized by the CCAA; and
- (d) the Plan and the transactions contemplated thereby are fair and reasonable and are in the best interests of the Senior Lenders and do not unfairly prejudice the interests of any Person.

6. **THIS COURT ORDERS** that the Plan (including, without limitation, the Credit Acquisition, compromises, arrangements and releases set out therein) is hereby sanctioned and approved pursuant to Section 6 of the CCAA and, on the Credit Acquisition Plan Implementation Date (as defined below), shall be effective and shall enure to the benefit of and be binding upon the LP Entities and the Senior Lenders, including their respective heirs administrators, executors, legal personal representatives, successors, and assigns but will not affect Unaffected Claims.

#### **APPROVAL AND VESTING**

7. **THIS COURT ORDERS AND DECLARES** the Acquisition and Assumption Agreement attached as Schedule "1.1(8)" to the Plan (the "**Acquisition Agreement**") is hereby approved, and that the transactions contemplated thereby (the "**Transactions**") are commercially reasonable and are fair and reasonable in respect of the LP Entities and their stakeholders. The execution of the Acquisition Agreement by the LP Entities is hereby authorized and approved without any requirement of further actions by shareholders, directors or officers of the LP Entities, and the LP Entities and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the Acquired Assets to 7272049 Canada Inc. ("**Acquireco**") in accordance with the Plan and the Acquisition Agreement.

8. **THIS COURT ORDERS** that, upon being provided with evidence satisfactory to the Monitor of the satisfaction (or, where applicable, waiver) of the conditions set out in section 8.2 of the Plan, the Monitor shall deliver to the Administrative Agent and the LP Entities and promptly thereafter file with this Court a certificate stating that all conditions precedent set out in section 8.2 of the Plan have been satisfied (or, where applicable, waived by the LP Entities and/or the Administrative Agent in accordance with the terms of the Plan) (the “**Monitor’s Certificate**”), and the date of the delivery of such certificate to the Administrative Agent and the LP Entities shall be the date upon which the Plan shall be and be deemed to have been implemented (the “**Credit Acquisition Plan Implementation Date**”).

9. **THIS COURT ORDERS** that upon the filing of a Monitor’s Certificate, the following shall take place, in the order in which they appear below and in accordance with the Plan:

- (a) all right, title and interest in and to the Canwest Books Assets shall vest absolutely in CPI free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order of the Honourable Justice Pepall dated January 8, 2010; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other applicable federal or other provincial statute, but not including Prior Ranking Secured Claims expressly assumed by Acquireco pursuant to the terms of the Acquisition Agreement (collectively, the “**Canwest Books Encumbrances**”) and, for greater certainty, this Court orders that Canwest Books Encumbrances affecting or relating to the Canwest Books Assets are hereby expunged and discharged as against the Canwest Books Assets;
- (b) all right, title and interest in and to the Canwest GP Assets shall vest absolutely in CPI free and clear of any and all security interests (whether contractual, statutory,

or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order of the Honourable Justice Pepall dated January 8, 2010; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other applicable federal or other provincial statute, but not including Prior Ranking Secured Claims expressly assumed by Acquireco pursuant to the terms of the Acquisition Agreement (collectively, the “**Canwest GP Encumbrances**”) and, for greater certainty, this Court orders that Canwest GP Encumbrances affecting or relating to the Canwest GP Assets are hereby expunged and discharged as against the Canwest GP Assets;

- (c) all right, title and interest in and to the CLP Assets shall vest absolutely in CPI free and clear of any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order of the Honourable Justice Pepall dated January 8, 2010; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other applicable federal or other provincial statute, but not including Prior Ranking Secured Claims expressly assumed by Acquireco pursuant to the terms of the Acquisition Agreement (collectively, the “**CLP Encumbrances**”) and, for greater certainty, this Court orders that CLP Encumbrances affecting or relating to the CLP Assets are hereby expunged and discharged as against the CLP Assets;
- (d) the right, title and interest in and to the Senior Secured Claims (for greater certainty, net of amounts paid to the Senior Lenders under the terms of the

Acquisition Agreement (defined herein) and the Plan on or before the Credit Acquisition Plan Implementation Date that would reduce the outstanding Senior Secured Claims) shall vest absolutely in Acquireco free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other applicable federal or other provincial statute (collectively, “**Senior Claim Encumbrances**”) and, for greater certainty, this Court orders that Senior Claim Encumbrances affecting or relating to the Senior Secured Claims are hereby expunged and discharged as against the Senior Secured Claims; and

- (e) all of the right, title and interest of any Person in and to the Acquired Assets described in the Acquisition Agreement shall vest absolutely in Acquireco, (including without limitation any amounts in the Cash Reserve Account that are not used by the Monitor in accordance with the Cash Reserve Order to pay Cash Reserve Costs), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Encumbrances**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order of the Honourable Justice Pepall dated January 8, 2010; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other applicable federal or other provincial statute, but not including Prior Ranking Secured Claims expressly assumed by Acquireco pursuant to the terms of the Acquisition Agreement and real property permitted encumbrances as set out in Schedule D and, for greater certainty, this Court orders

that all of the Encumbrances affecting or relating to the Acquired Assets are hereby expunged and discharged as against the Acquired Assets.

10. **THIS COURT ORDERS** that in accordance with the Plan, the Acquireco Equity and the Acquireco Debt to be distributed in respect of each Senior Lender's Senior Secured Claim (the "**Acquireco Debt/Equity**") shall stand in place and stead of such Senior Secured Claim and all Senior Claim Encumbrances on or against such Senior Secured Claim shall attach to and may be asserted against the Acquireco Debt/Equity with the same priority as has they had immediately prior to the implementation of the Plan, as if such Senior Secured Claim had not been transferred to Acquireco and had remained the property of such Senior Lenders immediately prior to the implementation of the Plan.

11. **THIS COURT ORDERS** that, without limiting the other provisions in this Order, on the Credit Acquisition Implementation Date, the license of the LP Entities to use the "Canwest" name and trademarks under a Trademarks License Agreement dated October 13, 2005 (the "**License**") shall be assigned to Acquireco and, following that assignment, Canwest Global Communications Corp. shall not be entitled to exercise any right of termination of the License unless the termination is to take effect after February 28, 2011.

## **REAL PROPERTY**

### **Ontario**

12. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Toronto (No. 66) (the "**Toronto Land Registry Office**") of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and the *Land Registration Reform Act* (Ontario) with respect to the Toronto Property (as defined in Schedule B), the Land Registrar for the Toronto Land Registry Office is hereby directed to enter Acquireco as the owner of the Toronto Property in fee simple, and is hereby directed to delete and expunge from title to the Toronto Property all of the real property encumbrances relating to the Toronto Property, including but not limited to, the real property encumbrances listed in

Schedule C, subject only to the real property permitted encumbrances relating to the Toronto Property listed in Schedule D.

13. **THIS COURT ORDERS** that upon registration in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) (the "**Ottawa Land Registry Office**") of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and the *Land Registration Reform Act* (Ontario) with respect to the Ottawa Property (as defined in Schedule B), the Land Registrar for the Ottawa Land Registry Office is hereby directed to enter Acquireco as the owner of the Ottawa Property in fee simple, and is hereby directed to delete and expunge from title to the Ottawa Property all of the real property encumbrances relating to the Ottawa Property, including but not limited to, the real property encumbrances listed in Schedule C, subject only to the real property permitted encumbrances relating to the Ottawa Property listed in Schedule D.

14. **THIS COURT ORDERS** that upon registration in the Land Registry Office for the Land Titles Division of Essex (No. 12) (the "**Windsor Land Registry Office**") of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and the *Land Registration Reform Act* (Ontario) with respect to the Windsor Properties (as defined in Schedule B), the Land Registrar for the Windsor Land Registry Office is hereby directed to enter Acquireco as the owner of the Windsor Properties in fee simple, and is hereby directed to delete and expunge from title to the Windsor Properties all of the real property encumbrances relating to the Windsor Properties, including but not limited to, the real property encumbrances listed in Schedule C, subject only to the real property permitted encumbrances relating to the Windsor Properties listed in Schedule D.

### **Alberta**

15. **THIS COURT ORDERS** that, upon presentation for registration in either of the North Alberta Land Titles Office or the South Alberta Land Titles Office (collectively, the "**Alberta LTO**"), as the case may be, a certified copy of this Order and an Affidavit of Value as prescribed by the *Land Titles Act* (Alberta), the Alberta LTO be and is hereby authorized and directed to cancel the existing certificates of title to the Alberta Properties as defined in Schedule B and to



issue new certificates of title for those Alberta Properties in the name of Acquireco. The Alberta LTO be and is hereby directed to delete and expunge from such new titles to the Alberta Properties all of the real property encumbrances relating to the Alberta Properties, including but not limited to the real property encumbrances listed on Schedule C, subject only to the real property permitted encumbrances relating to the Alberta Property listed in Schedule D being carried forward to the new Alberta Property titles.

16. THIS COURT ORDERS that the cancellation of titles and issuance of new titles and discharge of instruments as set out in paragraph 15 shall be registered notwithstanding the requirements of Section 191(1) of the *Land Titles Act* (Alberta).

### **British Columbia**

17. THIS COURT ORDERS that, for greater certainty, those lands and premises defined in Schedule B hereto as the BC Properties (the “**BC Properties**”) be sold to Acquireco, and that the BC Properties, together with all buildings, fixtures, systems, interests, licences, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, do vest in Acquireco in fee simple, free from all encumbrances, subject nevertheless to the reservations, limitations, provisos and conditions expressed in the original grant thereof from the Crown, and subject to the real property permitted encumbrances relating to the BC Properties listed in Schedule D hereto, upon the filing of the Monitor’s Certificate.

18. THIS COURT ORDERS that the BC Properties do vest in Acquireco as set out herein, and that all of the encumbrances registered against the titles to the BC Properties, including but not limited to the real property encumbrances relating to the BC Properties and listed in Schedule C hereto, but subject to the real property permitted encumbrances relating to the BC Properties listed in Schedule D hereto, be discharged immediately upon the registration in the appropriate Land Title Offices of a certified copy of the Order made upon this Motion, together with a letter from Bull, Housser & Tupper LLP, permitting registration of the Order made upon this Motion.

**Saskatchewan**

19. THIS COURT ORDERS that, pursuant to the Acquisition Agreement, upon payment of the required registration fee, the Registrar of Titles of the Saskatchewan Land Titles Registry is hereby authorized and directed pursuant to Section 109 of *The Land Titles Act, 2000* S.S. 2000, c. L-5.1 and Section 6.5 of *The Land Titles Conversion Facilitation Regulations, c. L-5.1, Reg. 2* to cancel the existing titles to the Saskatchewan Properties identified in Schedule B and the new titles to such Saskatchewan Properties shall be issued in the name of Acquireco, free and clear of all real property encumbrances related to the Saskatchewan Properties listed in Schedule C, subject only to the real property permitted encumbrances related to the Saskatchewan Properties listed in Schedule D.

**Quebec**

20. THIS COURT ORDERS AND DIRECTS, in order to give effect to this Order prior to closing of the Transactions, CPI and Acquireco to enter into a deed of transfer with respect to the Quebec Property (as defined in Schedule B), upon the same terms and conditions substantially as those set forth in the draft deed of transfer attached hereto as Schedule E (the “**Deed of Transfer**”), which Deed of Transfer shall be effective upon the delivery of the Monitor’s Certificate to Acquireco.

21. THIS COURT ORDERS AND DIRECTS, in order to give effect to this Order prior to closing of the Transaction, CIBC Mellon Trust Company to execute a deed of mainlevée with respect to the real property encumbrances listed in Schedule C relating to only the Quebec Property, subject only to the real property permitted encumbrances related to the Quebec Property listed in Schedule D (the “**Deed of Mainlevée**”), which Deed of Mainlevée shall be effective only upon the delivery of the Monitor’s Certificate to Acquireco.

22. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the parties to the Acquisition Agreement are authorized and permitted to disclose and transfer to Acquireco all human resources and payroll information in the LP Entities’ records pertaining to the LP Entities’ past and current employees. The recipient of such information shall maintain and protect the privacy of such

information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the applicable party to the Acquisition Agreement.

23. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the LP Entities or any of the Senior Lenders (herein collectively the “**Vesting Entities**”) and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Vesting Entities;

(i) the entering into of the Acquisition Agreement; (ii) the vesting of rights, titles and interests as set out in paragraph 9 above and (iii) the assignment of the Contracts (as defined below) pursuant to this Order, shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Vesting Entities and shall not be void or voidable by creditors of any of the Vesting Entities, nor shall any of them constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or transfer at undervalue under the *Bankruptcy and Insolvency Act* (Canada), the CCAA or any other applicable federal or provincial legislation, nor shall any of them constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

24. **THIS COURT ORDERS AND DECLARES** that the Plan, the Credit Acquisition and the other transactions contemplated thereby are exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent or applicable legislation under any other province or territory in Canada.

#### **PLAN IMPLEMENTATION**

25. **THIS COURT ORDERS** that the LP Entities, Acquireco, the Administrative Agent, the Collateral Agent (as defined below) and the Monitor are hereby authorized and directed to take all steps and actions and execute such additional documents as may be necessary or appropriate (as determined by each party in consultation with the other parties) to implement the Plan, the Credit Acquisition and the Transactions in accordance with and subject to their terms and such steps and actions are hereby approved.

### **SENIOR SECURED CLAIMS**

26. **THIS COURT ORDERS** that, without limiting the Initial Order, the Principal amount of the Senior Secured Claims shall be determined in accordance with the claims process set out at paragraph 68 of the Initial Order. To the extent that any Senior Lender (the "**Claimant**") asserts a claim in respect of Other Amounts that arose after the Filing Date but prior to the date of this Order (a "**Post-Filing Other Amounts Claim**"):

- (a) such Claimant shall within ten (10) Business Days from the making of this Order, send to the Monitor (with a copy to the LP Entities and the Administrative Agent) a notice (the "**Claim Notice**") setting out the amount of its Post-Filing Other Amounts Claim in the form attached hereto as Schedule "F". If no such notice is received by the Monitor from the Claimant within ten (10) Business Days of the making of this Order, the Claimant's Post-Filing Other Amounts Claim shall be and is hereby extinguished and forever barred;
- (b) if the Monitor, with the consent of the Administrative Agent acting in consultation with the Steering Committee, confirms the Post-Filing Other Amounts Claim set out in the Claim Notice or if the Monitor, with the consent of the Administrative Agent acting in consultation with the Steering Committee, does not deliver a Notice of Dispute, indicating that the Monitor disputes the Post-Filing Other Amounts Claim within five (5) Business Days of receipt of the Claim Notice, then the amount set out in the Claim Notice shall be deemed to be finally determined ("**Finally Determined**") and accepted for the purpose of calculating the Claimant's entitlement to distributions under the Senior Lenders CCAA Plan;

- (c) if the Monitor delivers a Notice of Dispute in accordance with subparagraph (b) above, then the Monitor, the Administrative Agent and the particular Senior Lender shall have five (5) Business Days from the date of delivery of the Notice of Dispute to reach an agreement in writing as to the Post-Filing Other Amounts Claim that is subject to the Notice of Dispute, in which case such agreement shall govern and the Post-Filing Other Amounts Claim shall be deemed to be Finally Determined in accordance with the agreement;
  
- (d) if a Notice of Dispute is unable to be resolved in the manner and within the time period set out in subparagraph (c) above, then the Claim of such Claimant shall be determined by the Court on a motion for advice and directions brought by the Monitor (the “**Dispute Motion**”) on notice to the Administrative Agent and all other interested parties. The Monitor and the Claimant shall each use reasonable efforts to have the Dispute Motion, and any appeals therefrom, disposed of on an expedited basis with a view to having the Post-Filing Other Amounts Claim of the Claimant Finally Determined on a timely basis.

If there are any Senior Secured Claims (including for greater certainty, for Principal or Other Amounts) or any portion thereof that have not been Finally Determined pursuant to the terms of the Initial Order or this Order (an “**Unresolved Senior Claim**”), as of the Credit Acquisition Plan Implementation Date, the Monitor shall establish a Unresolved Senior Claims Reserve. The Unresolved Senior Claims Reserve shall be comprised of Acquireco Debt, Acquireco Equity and cash reserved out of the LP Entity Cash and Cash Equivalents. The aggregate value of the Acquireco Debt and Acquireco Equity to be included in the Unresolved Senior Claims Reserve shall be equal to the value of Acquireco Debt and Acquireco Equity that would have been distributed in respect of the Unresolved Senior Claims if the full amounts of such Unresolved Senior Claims were Proven Senior Secured Claims on the Credit Acquisition Plan Implementation Date. The aggregate amount of the cash to be included in the Unresolved Senior Claims Reserve shall be equal to the amount of all Unpaid Interest on Unresolved Senior Claims as of the Credit Acquisition Plan Implementation Date that would have been paid to the Senior

Lenders holding such Unresolved Senior Claims if the full amounts of such Unresolved Senior Claims were Proven Senior Secured Claims on the Credit Acquisition Plan Implementation Date.

27. **THIS COURT ORDERS** that provided that the Monitor receives from the LP Entities and Acquireco, respectively, the cash and Acquireco Debt and Acquireco Equity required for the Monitor to establish the Unresolved Senior Claims Reserve in accordance with the Plan, not later than fifteen days (or such later date as may be specified by Order of the Court) following the Final Determination Date, the Monitor shall distribute from the Unresolved Senior Claims Reserve:

- (a) to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet, Acquireco Debt and Acquireco Equity in respect of any Senior Secured Claims that were Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date and that subsequently became Proven Senior Secured Claims, together with any interest, dividends, distributions or other payments actually received by the Monitor on account or in respect thereof;
- (b) following the distribution referred to in subparagraph (a) above, any balance of Acquireco Debt and Acquireco Equity that forms part of the Unresolved Senior Claims Reserve shall be distributed to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet such that all Acquireco Debt and Acquireco Equity shall have been distributed in accordance with the Plan and the Acquireco Capitalization Term Sheet and any interest, distributions or other payments actually received by the Monitor on account or in respect of the Acquireco Debt and Acquireco Equity referred to in this subparagraph (b) shall be distributed to the Persons receiving the applicable Acquireco Debt or Acquireco Equity pursuant to this subparagraph (b),
- (c) to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet, cash in an amount equal to the aggregate amount of all Unpaid Interest on Senior Secured Claims that were Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date that subsequently became

Proven Senior Secured Claims, together with any interest actually received by the Monitor on account or in respect thereof, and following this distribution, any balance of cash that forms part of the Unresolved Senior Claims Reserve together with any interest actually received by the Monitor on account or in respect thereof shall be paid to Acquireco.

For the purposes of calculating the various distributions to be made pursuant to this paragraph 25, each Senior Lender's Pro Rata Share shall be calculated as if (i) the Senior Secured Claims that became Proven Senior Secured Claims after the Credit Acquisition Plan Implementation Date were Proven Senior Secured Claims and not Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date, (ii) the Unresolved Amount was zero as of the Credit Acquisition Plan Implementation Date, and (iii) Unpaid Interest on Senior Secured Claims that became Proven Senior Secured Claims after the Credit Acquisition Plan Implementation Date was paid on the Credit Acquisition Plan Implementation Date.

#### **EFFECT OF PLAN IMPLEMENTATION**

28. **THIS COURT ORDERS** that, effective on the Credit Acquisition Plan Implementation Date each Senior Secured Claim shall be dealt with in accordance with the Plan and the ability of the holder of a Senior Secured Claim (other than Acquireco) to proceed against the LP Entities or the LP Property (including any amounts now or hereafter held by the Monitor in respect of the LP Entities) in respect of a Senior Secured Claim and all suits, actions, proceedings or other enforcement processes by the holder of a Senior Secured Claim (other than Acquireco) with respect to, in connection with or relating to such Senior Secured Claims are permanently stayed and restrained, subject only to the right of the holder of such a Senior Secured Claim to receive distributions in accordance with the Plan.

29. **THIS COURT ORDERS AND DECLARES** that, effective on the Credit Acquisition Plan Implementation Date, all Senior Secured Claims determined in accordance with the Plan, the Initial Order and this Order are final and binding on the LP Entities, the Monitor and all Senior Lenders and that, as of the Credit Acquisition Plan Implementation Date, the Plan shall enure to the benefit of and be binding upon the Senior Lenders and all other Persons affected

thereby and their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

30. **THIS COURT ORDERS** that, except as provided in the terms of the Plan and subject to the restrictions in Section 11.3 of the CCAA, the LP Entities are authorized and directed to assign all contracts, leases, agreements and other arrangements of which Acquireco takes an assignment on closing pursuant to the terms of the Acquisition Agreement (the “Contracts”) and that such assignments are hereby approved and are valid and binding upon the counterparties notwithstanding any restriction or prohibition on assignment contained in any such Contract.

31. **THIS COURT ORDERS** that from and after the Credit Acquisition Plan Implementation Date, subject to the CCAA, all Persons shall be deemed to have waived all defaults then existing or previously committed by the LP Entities under, or caused by the LP Entities under, and the non-compliance by the LP Entities with, any of the Contracts arising solely by reason of the insolvency of the LP Entities or as a result of any actions taken pursuant to the Plan or in these proceedings, and all notices of default and demands given in connection with any such defaults under, or non-compliance with, the Contracts shall be deemed to have been rescinded and shall be of no further force or effect.

### **ROLE OF THE MONITOR**

32. **THIS COURT ORDERS** that, notwithstanding any other terms of this Order or of the Plan, the appointment of the Monitor pursuant to the terms of prior Orders made by this Honourable Court shall not expire or terminate on the Credit Acquisition Plan Implementation Date and shall continue for purposes of the following:

- (a) the completion by the Monitor of all of its duties in connection with the Plan; and
- (b) the completion by the Monitor of all other matters for which it is responsible in these proceedings and pursuant to the Plan, the Initial Order and the CCAA.



33. **THIS COURT ORDERS** that all claims of any Person, whether such claims are direct, indirect, derivative or otherwise, against the Monitor arising from or relating to the services provided by the Monitor in respect of the LP Entities prior to the date of this Order, save and except claims of gross negligence or wilful misconduct, shall be and are hereby forever barred from enforcement and are extinguished.

34. **THIS COURT ORDERS** that the Monitor shall be discharged of its duties and obligations with respect to the LP Entities pursuant to the Plan, this Order and all other Orders made in these proceedings with respect to the LP Entities from time to time upon the filing with this Honourable Court of a certificate of the Monitor certifying that the matters set out in paragraph 33 above are completed to the best of the Monitor's knowledge.

35. **THIS COURT ORDERS** that the Monitor's Report together with all exhibits and appendices thereto and the activities of the Monitor described therein are accepted and approved.

36. **THIS COURT ORDERS** that the Monitor's fees and disbursements, including the fees and disbursements of its counsel as set forth in the Reports of the Monitor filed with this Court, are approved.

### **CHARGES**

37. **THIS COURT ORDERS** that, on the Credit Acquisition Plan Implementation Date following the making of the Cash Reserve Order and the establishment of the Cash Reserve in accordance with the Plan, all charges against the LP Entities or the LP Property created by the Initial Order or any subsequent Orders shall be terminated, discharged and released.

38. **THIS COURT ORDERS AND DECLARES** that, notwithstanding any of the terms of the Plan or this Order, the LP Entities shall not be released or discharged from its obligations to pay the fees and expenses of the Monitor, the Monitor's counsel or the LP Entities' counsel in respect of the Plan and the implementation thereof, which obligations shall be in addition to any such obligations under the Plan.

**RELEASES, EXCULPATION AND LIMITATION OF LIABILITY**

39. **THIS COURT ORDERS** that on the Credit Acquisition Plan Implementation Date, the LP Entities shall be deemed to have released each of the Senior Lenders, each individual, corporation or other entity that was at any time a Senior Lender, each member and former member of the Steering Committee or any other committee of holders of Senior Secured Claims, the Administrative Agent, the DIP Lenders, Acquireco and the Collateral Agent, and their respective agents, affiliates, directors, officers, employees, and representatives, including counsel and its financial advisor (collectively, the “**Indemnitees**”) and the Monitor, from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether based on contract, negligence or other tort, fiduciary duty, common law, equity, statute or otherwise, whether known or unknown, whether foreseen or unforeseen, arising on or before the Credit Acquisition Implementation Date (other than any claims, obligations, rights, causes of action, and liabilities arising from fraud as determined by a final judgment of a court of competent jurisdiction) which such LP Entities may have for, upon or by reason of any matter, cause or thing whatsoever, which are based upon, arise under or are related to the Senior Credit Agreement, Hedging Agreements, Collateral Agency Agreement or Senior Secured Claims.

40. **THIS COURT ORDERS** that on the Credit Acquisition Plan Implementation Date the Senior Lenders shall be deemed to have released the Monitor and the present and former officers and directors of the LP Entities from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether known or unknown, whether foreseen or unforeseen, arising on or before the Credit Acquisition Plan Implementation Date, which such Senior Lenders may have for, upon or by reason of any matter, cause or thing whatsoever, which are based upon, arise under or are related to the Senior Credit Agreement, Hedging Agreements, Collateral Agency Agreement or Senior Secured Claims, provided that nothing herein will release any of the present or former officers or directors of the LP Entities in respect of any claim, obligations right, cause of action, or liability referred to in section 5.1(2) of the CCAA.

41. **THIS COURT ORDERS** that none of the LP Entities, the Monitor, the Administrative Agent, the Senior Lenders, Acquireco, any individual, corporation or other entity that was at any time formerly a Senior Lender, the Steering Committee or any other committee of holders of

Senior Secured Claims, the DIP Lenders, Collateral Agent, or any of their respective present or former members, officers, directors, employees, direct or indirect advisors, attorneys, or agents, shall have or incur any liability to any holder of a Senior Secured Claim, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the LP Entities' CCAA proceedings initiated by the Initial Order, formulating, negotiating or implementing the Plan or the Support Agreement, the solicitation of acceptances of the Plan or the Support Agreement, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their wilful misconduct, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

42. **THIS COURT ORDERS** that the LP Entities hereby jointly and severally fully indemnify each of the Indemnitees against any manner of actions, causes of action, suits, proceedings, liabilities and claims of any nature, costs and expenses (including reasonable legal fees) which may be incurred by such Indemnitee or asserted against such Indemnitee arising out of or during the course of, or otherwise in connection with or in any way related to, the negotiation, preparation, formulation, solicitation, dissemination, implementation, confirmation and consummation of the Plan, other than any liabilities to the extent arising from the gross negligence or willful or intentional misconduct of any Indemnitee or any breach by Acquireco of the terms of the Acquisition Agreement as determined by a final judgment of a court of competent jurisdiction. If any claim, action or proceeding is brought or asserted against an Indemnitee in respect of which indemnity may be sought from any of the LP Entities, the Indemnitee shall promptly notify the LP Entities in writing, and the LP Entities may assume the defence thereof, including the employment of counsel reasonably satisfactory to the Indemnitee, and the payment of all costs and expenses. The Indemnitee shall have the right to employ separate counsel in any such claim, action or proceeding and to consult with the LP Entities in the defence thereof and the fees and expenses of such counsel shall be at the expense of the LP Entities unless and until the LP Entities shall have assumed the defence of such claim, action or proceeding. If the named parties to any such claim, action or proceeding (including any

impleaded parties) include both the Indemnatee and any of the LP Entities, and the Indemnatee reasonably believes that the joint representation of such entity and the Indemnatee may result in a conflict of interest, the Indemnatee may notify the LP Entities in writing that it elects to employ separate counsel at the expense of the LP Entities, and the LP Entities shall not have the right to assume the defence of such action or proceeding on behalf of the Indemnatee. In addition, the LP Entities shall not affect any settlement or release from liability in connection with any matter for which the Indemnatee would have the right to indemnification from the LP Entities, unless such settlement contains a full and unconditional release of the Indemnatee, or a release of the Indemnatee satisfactory in form and substance to the Indemnatee.

### **EXTENSION OF STAY PERIOD**

43. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 21 of the Initial Order) is hereby extended until the Credit Acquisition Plan Implementation Date.

44. **THIS COURT ORDERS** that, except to the extent that the Initial Order has been varied by or is inconsistent with this Order, the Plan or any other Order in these proceedings, the provisions of Initial Order shall remain in full force and effect until the Credit Acquisition Plan Implementation Date, when all but paragraphs 65-97 of the Initial Order shall terminate. Notwithstanding the termination of certain provisions of the Initial Order, the Monitor shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in its favour, except as varied herein.

45. **THIS COURT ORDERS** that paragraphs 65-97 of the Initial Order and all other Orders made in these CCAA proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by or inconsistent with this Order or any further Order of this Honourable Court.

### **OTHER PROVISIONS**

46. **THIS COURT ORDERS** that this Court shall retain jurisdiction in respect of any matter in dispute arising out of anything relating to the interpretation or implementation of the Plan.

47. **THIS COURT ORDERS** that the LP Entities, the Monitor, Acquireco or the Administrative Agent may apply to this Honourable Court for further advice, directions or assistance as may be necessary to give effect to the terms of the Plan.

48. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and abroad and as against all other Persons against whom it may otherwise be enforceable.

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

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

51. **THIS COURT ORDERS** that this Order shall be posted on the website maintained by the Monitor and shall only be required to be served upon those parties who have either formally entered an appearance in these proceedings or those parties who appeared at the hearing of the motion for this Order.



**SCHEDULE "A"**

**Plan of Compromise and Arrangement**

See Attached

**SCHEDULE "B"**

**[NTD: List of legal descriptions to be added prior to the application for the Sanction Order for each of the properties listed below.]**

Toronto Property

Ottawa Property

Windsor Property

Alberta Properties

BC Properties

Saskatchewan Properties

Quebec Properties



**SCHEDULE "C"**

**[NTD: List of Real Properties Encumbrances to be added prior to the application for the Sanction Order for each of the properties listed below.]**

Toronto Property

Ottawa Property

Windsor Property

Alberta Properties

BC Properties

Saskatchewan Properties

Quebec Properties

**SCHEDULE "D"**

**[NTD: List of Real Properties Permitted Encumbrances to be added prior to the application for the Sanction Order for each of the properties listed below.]**

Toronto Property

Ottawa Property

Windsor Property

Alberta Properties

BC Properties

Saskatchewan Properties

Quebec Properties

**SCHEDULE "E"**

**[NTD: Insert form of draft deed of transfer for Quebec Property prior to application for the Sanction Order.]**

**SCHEDULE "E"**

**[NTD: Insert form of draft deed of transfer for Quebec Property prior to application for the Sanction Order.]**

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.

APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,

c.C.-36

Court File No: U9-LL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

Osler, Hoskin & Harcourt LLP  
Lawyers for the Applicant

●

**Schedule "C"**

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

---

**NOTICE OF DISPUTE – SYNDICATE CLAIMS AND PRO RATA NOTICE**

---

1. Particulars of the Disputing Claimant<sup>1</sup>:

(a) Canwest Limited Partnership by its general partner, Canwest (Canada) Inc. on behalf of the LP Entities.

or,

(b) Senior Lender

(i) Full legal name: \_\_\_\_\_

(ii) Full Mailing Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(iii) Telephone Number: \_\_\_\_\_

(iv) Facsimile: \_\_\_\_\_

---

<sup>1</sup> All capitalized terms used herein that are not otherwise defined shall have the meanings set out in the Initial Order dated January [8], 2010.

(v) E-mail Address: \_\_\_\_\_

(vi) Attention: \_\_\_\_\_

**2. DISPUTE OF VALUATION OF SYNDICATE CLAIMS:**

The Disputing Claimant disputes the amounts set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice.

**3. REASONS FOR DISPUTE:**

*(Provide full particulars of the dispute, including the amount in dispute, the reasons for dispute and supporting documentation)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS NOTICE OF DISPUTE - SYNDICATE CLAIMS AND PRO RATA NOTICE MUST BE RETURNED TO AND RECEIVED BY THE MONITOR WITH A COPY TO THE AGENT BY NO LATER THAN 5:00 PM (TORONTO TIME) ON JANUARY 19, 2010 AT THE FOLLOWING ADDRESS OR FACSIMILE:**

TO:

FTI CONSULTING CANADA INC., in its capacity as Monitor of the LP Entities  
TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario, M5K 1G8

Attention: Jodi Porepa

Telephone: 416-649-8070  
Fax: 416-649-8101  
Email: [jodi.porepa@fticonsulting.com](mailto:jodi.porepa@fticonsulting.com)



**COPY TO:**

**THE BANK OF NOVA SCOTIA, in its capacity as Administrative Agent**

Scotia Plaza  
40 King Street West  
Box 4085  
Station "A"  
Toronto, Ontario  
M5N 2X6

Attention: Rob King

Fax: 416-866-2010

Email: [rob\\_king@scotiacapital.com](mailto:rob_king@scotiacapital.com)

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010

Per: \_\_\_\_\_

**Schedule "D"**

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

---

**NOTICE OF DISPUTE – SYNDICATE CLAIMS AND PRO RATA NOTICE**

---

1. Particulars of the Disputing Claimant<sup>1</sup>:

(a) Canwest Limited Partnership by its general partner, Canwest (Canada) Inc. on behalf of the LP Entities.

or,

(b) Senior Lender

(i) Full legal name: \_\_\_\_\_

(ii) Full Mailing Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(iii) Telephone Number: \_\_\_\_\_

(iv) Facsimile: \_\_\_\_\_

---

<sup>1</sup> All capitalized terms used herein that are not otherwise defined shall have the meanings set out in the Initial Order dated January [8], 2010.

(v) E-mail Address: \_\_\_\_\_

(vi) Attention: \_\_\_\_\_

**2. DISPUTE OF VALUATION OF SYNDICATE CLAIMS:**

The Disputing Claimant disputes the amounts set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice.

**3. REASONS FOR DISPUTE:**

*(Provide full particulars of the dispute, including the amount in dispute, the reasons for dispute and supporting documentation)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS NOTICE OF DISPUTE - SYNDICATE CLAIMS AND PRO RATA NOTICE MUST BE RETURNED TO AND RECEIVED BY THE MONITOR WITH A COPY TO THE AGENT BY NO LATER THAN 5:00 PM (TORONTO TIME) ON JANUARY 19, 2010 AT THE FOLLOWING ADDRESS OR FACSIMILE:**

TO:

FTI CONSULTING CANADA INC., in its capacity as Monitor of the LP Entities  
TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario, M5K 1G8

Attention: Jodi Porepa

Telephone: 416-649-8070  
Fax: 416-649-8101  
Email: [jodi.porepa@fticonsulting.com](mailto:jodi.porepa@fticonsulting.com)

**COPY TO:**

**THE BANK OF NOVA SCOTIA, in its capacity as Administrative Agent**

Scotia Plaza  
40 King Street West  
Box 4085  
Station "A"  
Toronto, Ontario  
M5N 2X6

Attention: Rob King

Fax: 416-866-2010

Email: rob\_king@scotiacapital.com

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010

Per: \_\_\_\_\_

**Schedule "E"**

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 CLAIM – HEDGING AGREEMENTS**

---

TO: [insert name of Hedging Creditor]

COPY TO: FTI Consulting Canada Inc., in its capacity as Monitor

COPY TO: Bank of Nova Scotia, in its capacity as Administrative Agent

This notice is issued pursuant to the Senior Lenders Claim Process for 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**”) approved by the Initial Order of the Honourable Madam Justice Pepall granted January 8, 2010 (the “**Initial Order**”). Capitalized terms used herein are as defined in the Initial Order unless otherwise noted. A copy of the Initial Order can be obtained from the website of FTI Consulting Canada Inc., the Monitor of the LP Entities, at <http://cfcanada.fticonsulting.com/clp>.

According to the books and records of the LP Entities, the Principal amount of your Senior Secured Claim<sup>1</sup> pursuant to one or more Hedging Agreements against the LP Entity(ies) (the "Hedging Claim") is:

Entity	Amount
[●]	[●]

Such Hedging Claim bears interest at the rate of     % per annum (the "Interest Rate").

If you agree with the Principal amount of the Hedging Claim and the Interest Rate, you need not respond to this Notice. If you disagree with the Principal amount of the Hedging Claim or the Interest Rate as set out herein, you must deliver a Notice of Dispute - Hedging Agreements to the Monitor, by no later than 5:00 pm (Toronto time) on January 19, 2010.

**IF YOU FAIL TO DELIVER A NOTICE OF DISPUTE - HEDGING AGREEMENTS BY 5:00 PM (TORONTO TIME) ON JANUARY 19, 2010, THEN YOU SHALL BE DEEMED TO HAVE ACCEPTED THE PRINCIPAL AMOUNT OF THE HEDGING CLAIM AND THE INTEREST RATE FOR THE PURPOSES OF VOTING AND DISTRIBUTION UNDER THE SENIOR LENDERS CCAA PLAN.**

DATED at Toronto, this 12<sup>th</sup> day of January, 2010.

Canwest Limited Partnership, by its general partner Canwest (Canada) Inc., on behalf of the LP Entities.

Address: [●]

Attention: [●]

Telephone: [●]

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<sup>1</sup> Any Senior Secured Claims denominated in a foreign currency 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.



Fax:[●]  
Email:[●]

**Schedule "F"**

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

---

**NOTICE OF DISPUTE – HEDGING AGREEMENTS**

---

**1. Particulars of the Disputing Claimant<sup>1</sup>**

- (a) Full legal name: \_\_\_\_\_
- (b) Full Mailing Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (c) Telephone Number: \_\_\_\_\_
- (d) Facsimile: \_\_\_\_\_
- (e) E-mail Address: \_\_\_\_\_
- (f) Attention: \_\_\_\_\_

**2. DISPUTE OF NOTICE OF CLAIM – HEDGING AGREEMENTS:**

---

<sup>1</sup> All capitalized terms used herein that are not otherwise defined shall have the meanings set out in the Initial Order dated January [8], 2010.

Insert as applicable:

The Disputing Claimant disagrees with the Principal amount of its Senior Secured Claim pursuant to one or more Hedging Agreements as set out in the Notice of Claim – Hedging Agreements dated January 12, 2010 delivered to it.

The Disputing Claimant disagrees with the Interest Rate as set out in the Notice of Claim – Hedging Agreements dated January 12, 2010 delivered to it.

**3. REASONS FOR DISPUTE:**

*(Provide full particulars of dispute, including amount in dispute, the reasons for dispute and supporting documentation)*

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**THIS NOTICE OF DISPUTE - HEDGING AGREEMENTS MUST BE RETURNED AND RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 PM (TORONTO TIME) ON JANUARY 19, 2010 AT THE FOLLOWING ADDRESS OR FACSIMILE:**

FTI Consulting Canada Inc., Monitor of Canwest Publishing Inc./Publications Canwest Inc. et al.  
Claims Process

TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario, M5K 1G8

Attention: Jodi Porepa

Telephone: 416-649-8070  
Fax: 416-649-8101  
Email: jodi.porepa@fticonsulting.com

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010

Per: \_\_\_\_\_

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**Schedule "G"**

**Form of Proxy**

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

**AND**

**CANWEST LIMITED PARTNERSHIP**

**PROXY FOR USE AT THE SENIOR LENDERS MEETING  
TO BE HELD AT [9:00 A.M.], ON JANUARY 27, 2010  
AT [LOCATION],  
AND AT ANY ADJOURNMENT THEREOF**

All capitalized terms not otherwise defined herein shall have the meanings given to them in the Plan of Compromise and Arrangement of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. and Canwest Limited Partnership (collectively, the "LP Entities") initially filed January [8], 2010 (the "Plan") or the initial order under the *Companies' Creditors Arrangement Act* (the "CCAA") dated January [8], 2010 as applicable.

The undersigned Senior Lender hereby revokes any and all proxies previously given and appoints [Paul Bishop] of FTI Consulting Canada Inc., in its capacity as Monitor or, instead of the foregoing, \_\_\_\_\_ with power of substitution as proxyholder for and on behalf of the undersigned at the Senior Lenders Meeting to be held on January 27, 2010 at [LOCATION], in Toronto, Ontario, at [9:00 a.m.], (Toronto time) and at any adjournment or postponement thereof and on every ballot that may take place in consequence thereof. Without limiting the general powers hereby conferred, the undersigned hereby directs the said proxy to cast all votes of the undersigned in the manner indicated below:

1. With respect to the approval of the Plan (mark one only):

VOTE FOR APPROVAL OF THE PLAN [ ] ; OR

VOTE AGAINST APPROVAL OF THE PLAN [ ]

2. At the discretion of the said proxy, on any variation or amendment to the Plan or on any other matters that may properly come before the Senior Lenders Meeting or any adjournment thereof.

This form of proxy is solicited on behalf of the LP Entities.

**NOTE: THIS PROXY MUST BE DEPOSITED WITH THE MONITOR IN ADVANCE OF  
THE MEETING IN ACCORDANCE WITH THE DEADLINES INDICATED BELOW  
UNDER THE INSTRUCTIONS FOR COMPLETION OF PROXY**

---

EXECUTED on the \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Signature of Creditor

\_\_\_\_\_  
Name of Creditor *(Please print clearly)*

\_\_\_\_\_  
Address

\_\_\_\_\_  
City/Province/Postal Code

**Instructions for Completion of Proxy:**

1. Each Senior Lender with an Accepted Senior Secured Claim has the right to appoint an individual or individuals (who need not be a Creditor) other than [Paul Bishop], to attend and act for him or her and on his or her behalf at the Senior Lenders Meeting. In order to do so, the name of the Senior Lender's nominee(s) must be legibly printed in the blank space provided above, or another appropriate instrument of proxy may be submitted.
2. This form of proxy must be signed by the Senior Lender, or such Senior Lender's lawyer duly authorized in writing or, if such Senior Lender is a corporation by an officer or lawyer thereof duly authorized. Persons signing as executors, administrators, trustees, etc. should so indicate and give their full title as such. A partnership should sign in the partnership name by an authorized persons(s). A person signing on behalf of a Senior Lender must provide satisfactory proof of such authority with this proxy.
3. To be voted at the Senior Lenders Meeting or any adjournment thereof, this proxy must be deposited with the Monitor at FTI Consulting Canada Inc., c/o Jodi Porepa, TD Waterhouse Tower, 79 Wellington St. West, Suite 2010, P.O. Box 104, Toronto, Ontario, M5K 1G8 or by facsimile at (416)649-8101, not later than 5:00 pm Toronto time on January 25, 2010 or 2 days prior to any adjournment of the Senior Lenders Meeting.
4. This proxy should be dated and signed. If this proxy is not dated, it shall be deemed to bear the date on which it was received.
5. Senior Lenders requiring assistance with completion of proxy documentation may call 1-888-310-7626 to request assistance of the Monitor.

**Note: This proxy will only be effective if the Senior Lender has established a right to vote at the Senior Lenders Meeting in accordance with the Plan or the Initial Order.**



**Schedule "H"**

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

**NOTICE TO SENIOR LENDERS OF PLAN OF COMPROMISE AND ARRANGEMENT AND  
THE SENIOR LENDERS MEETING**

*Notice of CCAA Proceeding*

**NOTICE IS HEREBY GIVEN** that , Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc. and Canwest (Canada) Inc. (collectively, the “**Applicants**”) obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) dated January 8, 2010 from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Capitalized terms used herein are as defined in the Initial Order unless otherwise noted.

A copy of the Initial Order is attached as Exhibit “A” to this notice of meeting (the “**Meeting Notice**”).

**NOTICE IS ALSO HEREBY GIVEN** that the Applicants and Canwest Limited Partnership, (collectively, the “**LP Entities**”) have filed with the Court a plan of compromise and arrangement (the “**Plan**”) pursuant to the CCAA. A copy of the Plan is set out as Exhibit “B” to this Meeting Notice.

*Notice of Senior Lenders Meeting*

**NOTICE IS ALSO HEREBY GIVEN** to Senior Lenders that the Senior Lenders Meeting (as defined in the Plan) will be held at [9:00] a.m. (Toronto time), on January 27, 2010 at [LOCATION], Toronto, Ontario, Canada [Postal Code] for the purposes of:

- (i) considering and, if thought advisable, adopting a resolution to approve the Plan (the full text of which resolution is set out in Exhibit “C” to this Meeting Notice), with or without variation; and
- (ii) transacting such other business as may properly come before the Senior Lenders Meeting.

The Senior Lenders Meeting is being held pursuant to the Initial Order.

*Claims Procedure*

The procedure for determining Proven Senior Secured Claims for the purposes of voting and distribution under the Plan is set out in the Initial Order, attached.

## *Plan Approval*

In order for the Plan to become effective: (i) the Plan must be approved at the Senior Lenders Meeting by the affirmative vote of a majority in number of Senior Lenders holding Accepted Senior Voting Claims and representing a two-thirds majority in value of the Accepted Senior Voting Claims present and voting at the Senior Lenders Meeting (in person or by Proxy); and (ii) the conditions to the implementation and effectiveness of the Plan as described in the Plan must be satisfied or waived.

## *Form of Proxy*

Any Senior Lender who is entitled to vote at the Senior Lenders Meeting but is unable to attend the Senior Lenders Meeting may vote by dating, signing and returning the enclosed Form of Proxy (the "Proxy") in the return envelope provided in accordance with the instructions accompanying the Proxy. In order to be used at the Senior Lenders Meeting, a Proxy must be deposited with the Monitor at any time prior to 5:00 p.m. (Toronto time) on 25 January, 2010 or by 5:00 p.m. (Toronto time) 2 days prior to any adjournment, postponement or rescheduling thereof.

Senior Lenders are responsible for obtaining proof of delivery, if required, of such Proxies through their choice of delivery method. The Monitor will only accept Proxies that relate to the Plan.

The Monitor's coordinates for the purpose of filing Proxies and for obtaining any additional information or materials related to the Senior Lenders Meeting are:

By telephone: (416)649-8070

By mail/courier: FTI Consulting Canada Inc.  
TD Waterhouse Tower  
79 Wellington St. West  
Suite 2010, P.O. Box 104  
Toronto, Ontario  
M5K 1G8

Attention: Jodi Porepa

By facsimile: (416)649-8101

By email: [jodi.porepa@fticonsulting.com](mailto:jodi.porepa@fticonsulting.com)

**NOTICE IS ALSO HEREBY GIVEN** that in accordance with the provisions of paragraph 23(1)(d.1) of the CCAA, the Monitor will file a report on the Plan and on the affairs of the LP Entities with the Court.

**NOTICE IS ALSO HEREBY GIVEN** that if the Plan is approved at the Senior Lenders Meeting by the Senior Lenders and all other necessary conditions are met, the Applicants intend to file a motion presentable before the Court on a date to be fixed at 10:00 a.m. (Toronto time) at 330 University Avenue, Toronto, Ontario, (the "**Sanction Hearing**") seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"), without further notice. A copy of the motion for the Sanction Order will be filed on the Monitor's website, at <http://cfcanada.fticonsulting.com/clp> as soon as it is filed with the Court. Any Person intending to object to the motion seeking the Sanction Order must file with the Court, before 4:30 p.m. (Toronto time) no later than three days before the Sanction Hearing, a written notice containing a description of its proposed grounds of contestation and shall effect service of same, without delay, to counsel to the Agent, the LP Entities and the Monitor, and to those persons listed on the LP Entities' service list posted on the Monitor's website at <http://cfcanada.fticonsulting.com/clp>

DATED at Toronto, Ontario, this ● day of January, 2010.

**FTI Consulting Canada Inc.**

Monitor appointed by the Court in the matter of the proposed plan of compromise and arrangement of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc. and Canwest (Canada) Inc.

AD AMENDED

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

APPLICANTS

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**INITIAL 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  
Edward Sellers (LSUC #30110F)  
Tel: (416) 862-5959  
Alexander Cobb (LSUC #45363F)  
Tel: (416) 862-5964  
Fax: (416) 862-6666

Lawyers for the Applicants

F. 1117119