

## QUESTIONS FOR ERIC ADELSON

### Defined Terms

For purposes of the following questions, the following terms have the following meanings:

- (1) “**CCAA**” means the *Companies’ Creditors Arrangement Act*;
- (2) “**Class Counsel**” means Siskinds LLP, Koskie Minsky LLP and Paliare Roland Rosenberg Rothstein LLP;
- (3) “**Client**” means any of **Invesco**, **NEI**, Comité Syndical National de Retraite Bâtirente Inc., Matrix Asset Management Inc., Montrusco Bolton Investments Inc. or Gestion Férique, and “**Clients**” means two or more of them;
- (4) “**E&Y**” means Ernst & Young LLP;
- (5) “**Insolvency Proceeding**” means the proceeding commenced by **Sino** under the **CCAA** on March 30, 2012;
- (6) “**Invesco**” means Invesco Canada Ltd. and the funds it manages;
- (7) “**Invesco Trimark**” means Invesco Trimark Ltd.;
- (8) “**Kim Orr**” means Kim Orr Barristers P.C.;
- (9) “**NEI**” means Northwest & Ethical Investments LP;
- (10) “**Prospective Client**” means any person or entity who solicited from **Kim Orr** advice in relation to that person’s or entity’s claims or possible claims against **Sino**, or in relation to the **Insolvency Proceeding**, and who did so prior to the time that that person or entity received the communication in question, and “**Prospective Client**” does not include any person or entity who did not solicit such advice from **Kim Orr** prior to the time that that person or entity received the communication in question; and
- (11) “**Sino**” means Sino-Forest Corporation.

### Questions

1. To what Province or Provinces are you called to practice law in Canada, and in what year(s) were you called to practice in each such Province?

2. Is it correct that you were an associate at the law firm of Smith Lyons before you joined Invesco and, if so, during what years were you an associate at Smith Lyons?
3. During the time you worked at Smith Lyons, what practice group or department did you work in?
4. During the time you worked at Smith Lyons, did you ever act for or advise any client in connection with a proceeding filed under the CCAA? If so, in regard to how many CCAA proceedings did you act for or advise a client?
5. According to your profile appearing at [https://www.invesco.ca/publicPortal/portal/retail.portal?\\_nfpb=true&\\_windowLabel=execTeamLanding\\_1&execTeamLanding\\_1\\_actionOverride=%2Fportlets%2Fheader%2FexecutiveTeam%2FgetExecDetail&\\_pageLabel=about\\_us\\_executive\\_team](https://www.invesco.ca/publicPortal/portal/retail.portal?_nfpb=true&_windowLabel=execTeamLanding_1&execTeamLanding_1_actionOverride=%2Fportlets%2Fheader%2FexecutiveTeam%2FgetExecDetail&_pageLabel=about_us_executive_team), you oversee a “team of lawyers” at Invesco. How many lawyers are on the team that you oversee and do any of them have experience with CCAA proceedings? If so, state how many of those lawyers have such experience and please summarize the nature of that experience.
6. At approximately what point in time did you first become aware that Sino had commenced the Insolvency Proceeding?
7. If you do not recall when you first became aware of the Insolvency Proceeding, please state whether you were aware of the Insolvency Proceeding before August 1, 2012.
8. From the time that you became aware of the Insolvency Proceeding, did you, any member of your team of lawyers at Invesco, or Invesco’s outside counsel take any steps to monitor developments in the Insolvency Proceeding? If so, please describe those steps, and please state when each of those steps was taken.
9. At para. 7 of your January 18, 2013 affidavit, you state that “Invesco retained Kim Orr Barristers P.C. in mid-November 2012 when it appeared that upcoming events in the Sino-Forest CCAA proceedings might affect investors’ rights.” Please particularize the “upcoming events” to which you refer.

10. Are you aware that, on July 25, 2012, Justice Morawetz issued a mediation order in the Insolvency Proceeding? If so, at approximately what point in time did you become aware of that order? If you cannot remember the approximate point in time at which you became aware of that order, please state whether you were aware before September 1, 2012 that a mediation was scheduled to occur in the Insolvency Proceeding in September 2012.
  
11. Between the time that the E&Y settlement was announced on December 3, 2012 and the present time, did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent a written communication on Kim Orr letterhead to any person or entity who was not a Client, and which communication included the following text (or text that is materially the same as the following text):

We are writing to ask you to join a group of institutional investors seeking to protect important rights concerning recoveries from responsible parties in cases of securities fraud in Canada. In particular, we want to ensure that investors retain "opt out" rights to pursue individual remedies if class action counsel negotiate premature or inadequate settlements.

We represent certain institutional investors that purchased securities of Sino-Forest Corp. before it was revealed as a probable fraud in June 2011. Those investors include: Invesco Canada Ltd., Northwest & Ethical Investments L.P., Comité Syndical National de Retraite Bâtirente Inc., Mackenzie Financial Corporation, Fonds Férique, Montrusco Bolton Investments Inc., and Matrix Asset Management Inc.

Our clients are *not* participating as active named plaintiffs in the class action against Sino-Forest and certain of its directors and officers, underwriters, and its auditors (Ernst & Young LLP and BDO). Our clients are, however, "absent" members of the class (not yet certified), and as such they may be affected by those proceedings.

On December 3, Class Counsel (Siskinds LLP and Koskie Minsky LLP) announced they had negotiated a \$117 million settlement with E&Y. This would be the largest securities settlement in Canada, but in our view it is premature (since documents about E&Y's audit work have not been available, and the Ontario Securities Commission has just begun enforcement proceedings against E&Y) and may well be inadequate. Class Counsel presented this settlement in the

Commercial Court handling Sino-Forest's insolvency ("CCAA") proceedings, not the class action court in which claims against E&Y and other defendants were brought. On December 7, Class Counsel and E&Y, over our objections, obtained an order in the Commercial Court providing a "framework" for effectuating such settlements. Apparently in extreme haste to push through approval of the settlement, E&Y and Class Counsel obtained a hearing to finalize approval of the settlement on January 4, 2013, with submissions scheduled over the preceding holiday weeks.

Several important aspects of their proposals are objectionable:

1. E&Y and Class Counsel are using the CCAA (insolvency) proceeding to try to avoid normal class action requirements. The settlement in effect deprives investors of their established rights in a class action settlement:
  - (a) No "opt-out" rights. The settlement would provide a full general release to E&Y, in the form of a "bar order" in the Sino-Forest CCAA proceedings, without allowing opt-outs for class members who want to litigate individually.
  - (b) Inadequate notice to class members - normal notice is not being given.
  - (c) No approval by class action court - this procedure is also being avoided.
2. In this case, E&Y is at most a "third party defendant" in the Sino-Forest CCAA (insolvency) action. It is improper and unprecedented for a party in E&Y's situation to use a client's insolvency to short-circuit investors' class action rights that otherwise apply. If this is allowed to proceed, it will set an intolerable precedent and dilute investors' rights.
3. The amount of the proposed E&Y settlement, \$117 million, is rather small compared to the investor losses suffered in Sino-Forest (market cap losses of roughly \$6 billion). Auditors providing audit reports and underwriters performing due diligence for securities offerings are crucial bulwarks against fraud, and in this case represent the only likely source of recoveries for investors.
4. The unseemly haste with which this settlement is being pushed through the courts indicates that E&Y and Class Counsel are anxious to avoid normal scrutiny. Again, this is an unfortunate precedent.

In short, the proposed E&Y settlement is inconsistent with the goals of transparency, investor protections, and good corporate governance. We hope that investors who care about these principles in Canada will join us in opposing this result - whether or not you are Sino-Forest class members. We invite you to contact us.



12. If the answer to question 11 above is yes, then to how many persons or entities who were not Clients did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent the written communication referred to in question 11 above?
13. Between the time that the E&Y settlement was announced on December 3, 2012 and the present time, did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent the written communication referred to in question 11 above to any person or entity who was not a Client or a Prospective Client?
14. If the answer to question 13 above is yes, then to how many persons or entities who were not Clients or Prospective Clients did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent the written communication referred to in question 11 above?
15. Please identify all persons and entities who were not Clients or Prospective Clients and to whom you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, sent or caused to be sent the written communication referred to in question 11 above. If the person or entity was an employee or other representative of an institutional investor, then please identify the institutional investor of whom the person was then an employee or other representative. If the person or entity to whom the communication was sent was a lawyer, please identify the law firm of which that lawyer was an employee or partner at the time at which the communication was sent. If the person or entity to whom the communication was sent was an investor rights organization, then please so state. If the person or entity to whom the communication was sent was an employee or other representative of an investor rights organization at the time at which the communication was sent, then please identify the investor rights organization of which the person was then an employee or other representative.

16. Between the time that the E&Y settlement was announced on December 3, 2012 and the present time, did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent a written communication on Kim Orr letterhead to any person or entity who was not a Client, and which communication included the following text (or text that is materially the same as the following text):

[...]

## **OVERVIEW OF THE SANCTION HEARING**

### **Background**

Numerous proposed class actions were commenced against Sino-Forest Corporation ("SFC"), its directors and officers, the underwriters and the auditors in Ontario, Quebec, Saskatchewan and New York after SFC's stock collapsed following allegations that the company had been vastly overstating its assets and revenues while engaging in extensive related-party transactions.

In December 2011 a carriage motion was heard before Justice Perell to determine which of the three proposed Ontario class actions should proceed. On January 6, 2012, Justice Perell awarded carriage of the Ontario class action to *The Trustees of Labourers' Pension Fund of Central and Eastern Canada v. Sino-Forest Corp.*, making Koskie Minsky LLP and Siskinds LLP Class Counsel (the "Koskie-Siskinds action").

The proposed class action commenced by Kim Orr on behalf of Northwest & Ethical Investments L.P. ("NEI"), Comité Syndical National de Retraite Bâtirente Inc. ("Bâtirente") and British Columbia Investment Management Corporation was stayed by Justice Perell's carriage order.

On March 30, 2012, SFC filed for creditor protection under the *Companies' Creditors Arrangement Act* ("CCAA"). Under the Initial Order issued by Justice Morawetz on March 30, 2012 all proceedings against SFC have been stayed, including the Koskie-Siskinds action. The Koskie-Siskinds action was stayed prior to the hearing of any certification motion.

Counsel for the Koskie-Siskinds action participated in the CCAA proceedings representing the Ad Hoc Committee of Purchasers of the Applicant's Securities. Class Counsel never received a representation order in the CCAA; putative class members have not been afforded the opportunity to opt-out of representation by class counsel in the CCAA proceeding.

SFC attempted to enter into a sales process, but failed to attract any qualifying offers. Following the failure of the sales process, SFC announced its intent to

proceed with a restructuring transaction. In August 2012 SFC filed a Plan of Compromise and Reorganization where restructuring occurred through the creation of two new corporations. The plan was modified a number of times.

Originally the Creditor's Meeting to vote on the Plan of Compromise and Reorganization was scheduled for November 29, 2012. The date of the meeting was rescheduled when the plan was amended on November 28, 2012.

[...]

### **E& Y Settlement Approval**

In the evening of Wednesday December 12, 2012 Kim Orr received notice that E&Y was appearing before Justice Morawetz on Thursday December 13, 2012 at 9:30 am seeking to schedule the settlement approval for the E&Y settlement.

At the appearance Kim Orr argued that Justice Morawetz did not have the authority to hear a motion in a class proceeding, including the motion for approval of the E&Y settlement, and that a notice program was necessary for the motion for settlement approval to inform putative class members of the possible binding settlement and how that settlement would impact their substantive rights in the litigation.

Justice Morawetz scheduled the settlement approval for Friday, January 4, 2013 without ordering any requirement to disseminate notice to putative class members or other potentially affected individuals. In an unusual move, at the same time the Regional Senior Judge for Toronto, Justice Edward F. Then, assigned the CCAA judge, Justice Morawetz, the power to hear the motion to approve the E&Y settlement and ancillary matters in his capacity as a CCAA judge and as a class proceedings judge.

Also of note, scheduling the approval hearing for Friday January 4, 2013 means that it will be heard on the last business day prior to the Ontario Securities Commission hearing against E&Y, which is scheduled for Monday January 7, 2013.

### **Lack of Procedural Protections**

The framework for release under the Plan and the settlement approval scheduling has occurred in an expedited and closed door manner. The process has not contemplated or given any credence to the importance of ensuring that the putative class members are provided with full and proper notice of the settlement and its impact on their substantive rights, thereby depriving class members of the opportunity to appear and/or to file materials voicing any objections to the settlement. Further, if the settlement in its current form is approved, class members will be deprived of their substantive right to opt-out of the class action

and to pursue their own actions against E&Y and potentially the other Third Party Defendants. The expedited manner in which the E&Y settlement approval has been approached appears to be intended to render it difficult, if not impossible, for any objectors to compile a sufficient mass and resources to ensure that their voices are heard.

17. If the answer to question 16 above is yes, then to how many persons or entities who were not Clients did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent the written communication referred to in question 16 above?
18. Between the time that the E&Y settlement was announced on December 3, 2012 and the present time, did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent the written communication referred to in question 16 above to any person or entity who was not a Client or a Prospective Client?
19. If the answer to question 18 above is yes, then to how many persons or entities who were not Clients or Prospective Clients did you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, send or caused to be sent the written communication referred to in question 16 above?
20. Please identify all persons and entities who were not Clients or Prospective Clients and to whom you, Kim Orr, a Client, or any person or entity acting at your behest or at the behest of Kim Orr or a Client, sent or caused to be sent the written communication referred to in question 16 above. If the person or entity was an employee or other representative of an institutional investor, then please identify the institutional investor of whom the person was then an employee or other representative. If the person or entity to whom the communication was sent was a lawyer, please identify the law firm of which that lawyer was an employee or partner at the time at which the communication was sent. If the person or entity to whom the communication was sent was an investor rights organization, then please so state. If the person or entity to whom the communication was sent was an employee or other representative of an investor rights organization at the

time at which the communication was sent, then please identify the investor rights organization of which the person was then an employee or other representative.

21. Did Invesco ever purchase shares or notes of Sino in an offering of Sino shares or notes? If so, please identify the offering and please state the name of each Invesco fund which participated in the offering, the number of shares or notes purchased in the offering by each such fund, and whether each such fund continued to own any of such shares or notes on June 2, 2011.
22. If the answer to question 21 is that Invesco never purchased shares or notes of Sino in an offering of Sino shares or notes, or that Invesco did purchase such shares or notes but did not hold any of them on June 2, 2011, then do you agree that Invesco has no viable claim against any of the underwriters named as defendants in the class proceeding being prosecuted by Class Counsel? If you do not agree with that proposition, then please explain on what basis you believe that Invesco could assert a claim against any such underwriter.
23. Is it correct that the Insolvency Proceeding is not the only occasion on which a debtor of which Invesco was a security-holder commenced a proceeding under the *CCAA*?
24. To your knowledge, approximately how many debtors have filed a proceeding under the *CCAA* at a time at which Invesco was a security-holder of the debtor?
25. Please identify all debtors who commenced within the past five years a proceeding under the *CCAA* at a time at which Invesco was a security-holder of the debtor.
26. Is it correct that, following the commencement of the Insolvency Proceeding and prior to the announcement of the Ernst & Young settlement on December 3, 2012, neither you nor Invesco requested from Class Counsel any information in regard to the Insolvency Proceeding?

27. Is it your understanding that one effect of the Plan of Arrangement in the Insolvency Proceeding would be that any person or entity who asserts a claim against Sino can recover no more than the unexhausted amount of Sino's insurance coverage?
28. Do you agree that the costs of defending any individual claims asserted against Sino by Invesco or any of the other Clients might ultimately be borne by Sino's insurer, and could therefore reduce the amount of insurance proceeds available to be recovered by security-holders who suffered losses as a result of Sino's alleged misrepresentations?
29. At para. 17 of your January 18, 2013 affidavit, you state that "Invesco determined to opt out, inasmuch as we were not satisfied with Class Counsel's representation of our interests as a class member." At approximately what point in time did Invesco decide that it was not satisfied with Class Counsel's representation of its interests? At approximately what point in time did Invesco determine to opt out?
30. At para. 19 of your January 18, 2013 affidavit, you state that a December 31, 2012 memorandum from Siskinds LLP "incorrectly stated that Invesco 'ignored' an invitation to discuss the E&Y settlement with Class Counsel." Is it correct that Invesco did not accept that invitation until after December 31, 2012, and that, prior to January 6, 2013, neither Invesco nor Kim Orr communicated to Class Counsel whether Invesco would in fact participate in such a meeting? If you maintain that Invesco or Kim Orr accepted Class Counsel's invitation before January 1, 2013, please explain who communicated that acceptance, to what individual it was communicated, and by what means it was communicated, and if the acceptance was communicated in writing, please produce a copy of that communication.
31. At para. 23(b) of your January 18, 2013 affidavit, you state that "the amount of insurance coverage available to E&Y with respect to its audit work for Sino-Forest has not been publicly disclosed." It is nevertheless correct, is it not, that you are aware of the amount of insurance coverage available to E&Y?

32. Do you agree that upon learning that Sino had commenced the Insolvency Proceeding, Invesco had the opportunity to retain legal counsel knowledgeable and experienced in CCAA proceedings to advise it in connection with the Insolvency Proceeding?
33. What is the relationship between Invesco and Invesco Trimark?
34. Please refer to the order of the Honourable Madam Justice Pepall (as she then was), dated Friday, June 28, 2010 and made in the Canwest CCAA proceedings, attached hereto as Exhibit “1” (the “**Canwest Sanction Order**”), which attaches the Canwest CCAA plan as Schedule “A” (the “**Canwest Plan**”), and, in particular: (1) section 8.1 of the Canwest Plan; and (2) paragraph 59 of the Canwest Sanction Order.
- a. Please confirm that Invesco Trimark was an equity sponsor (an “**Equity Sponsor**”) of the transaction by which CW Acquisition Limited Partnership (the “**Purchaser**”) agreed to purchase substantially all of the assets, property and undertakings related to the English language newspaper, digital online businesses carried on by various Canwest entities (the “**Canwest Transaction**”).
- b. Do you agree that the Asset Purchase Agreement dated as of May 10, 2010, and related Assignment and Amending Agreement (read together, the “**Canwest Agreement**”), attached hereto as Exhibits “2” and “3”, respectively, accurately evidence the Canwest Transaction? If not, please provide copies of all of the agreements that do evidence the Canwest Transaction.
- c. Please produce a copy of the Equity Commitment Letter and the Second Amended and Restated Equity Commitment Letter, as defined in section 8.6 of the Canwest Agreement.
- d. Was Invesco or Invesco Trimark, directly or indirectly, part of any formal or informal group or committee of noteholders in the Canwest CCAA Proceedings? If so, please identify the group(s) and committee(s), advise the time period(s)

during which Invesco/Invesco Trimark was on the group(s) and committee(s), and what role Invesco played on the group(s) and committee(s).

- e. Did Invesco or Invesco Trimark hold, directly or indirectly, any of the debt of Canwest at the time of the meeting of Canwest's creditors held to vote on the Canwest Plan? If so, please:
    - i. provide the details of those holdings (including the identity of the holder of the debt; their relationship to Invesco / Invesco Trimark; and, a description of the debt held); and
    - ii. advise whether that debt was voted for or against the Canwest Plan?
  - f. Did Invesco or Invesco Trimark hold, directly or indirectly, any of the debt of Canwest at the time of the hearing of Canwest's application for court approval of the Canwest Plan? If so, please:
    - i. provide the details of those holdings (including the identity of the holder of the debt; their relationship to Invesco / Invesco Trimark; and, a description of the debt held); and
    - ii. advise what position, if any, the holder of the debt took in respect of that application?
35. Please refer to the order of the Honourable Mr. Justice Sewall, dated Friday, June 28, 2012, made in the CCAA proceedings commenced by Catalyst Paper Corporation ("**Catalyst**"), attached hereto as Exhibit "4" (the "**Catalyst Sanction Order**"), which attaches the Catalyst CCAA plan (the "**Catalyst Plan**"), and in particular: (1) section 7.3 of the Catalyst Plan; and (2) paragraphs 36 and 37 of the Catalyst Sanction Order.



- a. Was Invesco, directly or indirectly, part of any formal or informal group or committee of noteholders in the Catalyst CCAA Proceedings? If so, please identify the group(s) and committee(s), advise the time period(s) during which Invesco was on the group(s) and committee(s), and what role Invesco played on the group(s) and committee(s).
  
- b. Did Invesco hold, directly or indirectly, any of the debt of Catalyst at the time of the meeting of Catalyst's creditors held to vote on the Catalyst Plan? If so, please:
  - i. provide the details of those holdings (including the identity of the holder of the debt; their relationship to Invesco; and, a description of the debt held); and,
  
  - ii. advise whether that debt was voted for or against the Catalyst Plan?
  
- c. Did Invesco hold, directly or indirectly, any of the debt of Catalyst at the time of the hearing of Catalyst's application for court approval of the Catalyst Plan? If so, please:
  - i. provide the details of those holdings (including the identity of the holder of the debt; their relationship to Invesco; and, a description of the debt held); and,
  
  - ii. advise what position, if any, the holder of the debt took in respect of that application?

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

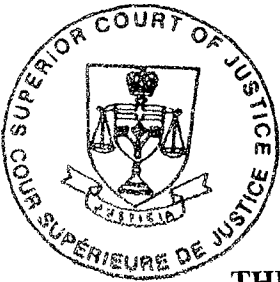
**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	FRIDAY, THE 18 <sup>th</sup> DAY
	)	
MADAM JUSTICE PEPALL	)	OF JUNE, 2010

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

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

**APPLICANTS**



**PLAN SANCTION ORDER**

**THIS MOTION** made by Canwest Publishing Inc./Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. and Canwest (Canada) Inc. (the “**Applicants**”) and Canwest Limited Partnership/Canwest Societe en Commandite (“**Limited Partnership**”, collectively and together with the Applicants, the “**LP Entities**”, and each an “**LP Entity**”), for an order sanctioning the consolidated plan of compromise concerning, affecting and involving the LP Entities dated May 20, 2010, as such Plan has been and may be amended, varied or supplemented by the LP Entities from time to time in accordance with the terms thereof (the “**Plan**”), which is attached as Schedule “A” hereto, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Affidavit of Douglas E.J. Lamb sworn June 14, 2010 (the “**Lamb Affidavit**”), the Eighth Report of FTI Consulting Canada Inc. (the “**Monitor’s Eighth Report**”) in its capacity as Court-appointed monitor of the LP Entities (the “**Monitor**”) and the Supplement to the Monitor’s Eighth Report dated June 10, 2010, the Tenth Report dated June 14, 2010, the asset purchase agreement between CW Acquisition Limited Partnership (the “**Assignor**”), 7535538 Canada Inc. (“**Holdco**”) and the LP Entities dated as of May 10, 2010 (the “**Asset Purchase Agreement**”), the Assignment and Amending Agreement

dated June 10, 2010 (the “**Assignment and Amending Agreement**”) between Holdco, the Assignor, 7536321 Canada Inc. (the “**Purchaser**”) and the LP Entities pursuant to which the Assignor has assigned its interest under the Asset Purchase Agreement to the Purchaser and on hearing from counsel for the LP Entities, the Monitor, the ad hoc committee of holders of 9.25% notes and senior subordinated debt issued by the Limited Partnership, The Bank of Nova Scotia in its capacity as Administrative Agent (the “**Administrative Agent**”) for the Senior Lenders, the court-appointed representatives of the salaried employees and retirees and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed.

## **DEFINITIONS**

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Plan Sanction Order shall have the meanings ascribed to them in the Plan.

## **SERVICE AND CREDITORS’ MEETING**

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and that the motion is properly returnable today and service upon any interested party other than those parties served is hereby dispensed with and that the service of the Notice of Motion, the Motion Record and the Monitor’s Eighth Report as effected by the LP Entities is hereby validated in all respects.

3. **THIS COURT ORDERS** that there has been good and sufficient service and delivery of the Meeting Order granted by this Court on May 17, 2010, and all documents referred to in the Meeting Order, including the notice of the Creditors’ Meeting and the Plan to all Affected Creditors.

4. **THIS COURT ORDERS** that the Creditors’ Meeting was duly convened and held, all in conformity with the CCAA and the Orders of the Court made in these proceedings, including the Meeting Order.

## **APPROVALS AND AUTHORIZATIONS**

5. **THIS COURT ORDERS AND DECLARES** that the execution, delivery and performance of the Assignment and Amending Agreement, attached as Exhibit “G” to the Lamb

- 3 -

Affidavit, by the LP Entities is hereby authorized and approved, and the LP Entities 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 contemplated therein.

6. **THIS COURT ORDERS** that the LP Entities are hereby authorized to amend the agreement dated as of November 1, 2009 between CRS Inc. and Gary Colter (collectively, the “**LP CRA**”), Canwest Global Communications Corp. and the LP Entities (the “**LP CRA Agreement**”) and that the letter agreement dated as of July 1, 2010 that, among other things, confirms the continuing retainer of the LP CRA (the “**Amending CRA Retainer Letter**”) is hereby approved.

7. **THIS COURT ORDERS** that either of Douglas E.J. Lamb, Kevin Bent or Steven Pasternak is hereby authorized and directed to execute the Assignment and Amending Agreement and the Amending CRA Retainer Letter on behalf of the LP Entities.

8. **THIS COURT ORDERS** that all references to the LP CRA Agreement in paragraphs 42, 43 and 45 to 47 of the Initial Order be and are hereby deemed also to refer to the Amending CRA Retainer Letter.

#### **SANCTION OF THE PLAN**

9. **THIS COURT ORDERS** that the relevant class of Creditors of the LP Entities for the purpose of voting to approve the Plan is the Unsecured Creditors’ Class.

10. **THIS COURT ORDERS AND DECLARES** that (a) the Plan has been approved by the Required Majority of Affected Creditors in conformity with the CCAA; (b) the LP Entities have complied with the provisions of the CCAA and the Orders of the Court made in these proceedings in all respects; (c) the 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 LP Entities have acted in good faith and with due diligence and the Plan and all the terms and conditions of, and matters and transactions contemplated by, the Plan are fair and reasonable.

11. **THIS COURT ORDERS** that the Plan is hereby sanctioned and approved pursuant to section 6 of the CCAA.

**PLAN IMPLEMENTATION**

12. **THIS COURT ORDERS** that any one of Douglas E.J. Lamb, Kevin Bent or Steven Pasternak is hereby authorized and directed to take all actions necessary or appropriate to enter into, adopt, execute, deliver, implement and consummate the contracts, instruments, releases, all other agreements or documents to be created or which are to come into effect in connection with the Plan, including the Assignment and Amending Agreement, and all matters contemplated under the Plan involving corporate action of the LP Entities on behalf of the LP Entities and such actions are hereby approved and will occur in accordance with the Plan, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the LP Entities. Further, to the extent not previously given, all necessary approvals to take such action shall be and are hereby deemed to have been obtained from the directors or the shareholders of the LP Entities, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution, and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated in the Plan shall be effective or have any force or effect.

13. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Plan in accordance with its terms, and enter into, execute, deliver, implement and consummate all of the steps, transactions and agreements contemplated pursuant to the Plan.

14. **THIS COURT ORDERS** that, subject to paragraph 15 below, upon the delivery of the Monitor's Plan implementation certificate to the Purchaser and the LP Entities in accordance with Section 9.4 of the Plan, substantially in the form attached hereto as Schedule "B", the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are and shall be implemented in accordance with the provisions of the Plan.

15. **THIS COURT ORDERS** that the Monitor shall file with the Court a copy of the Plan implementation certificate referred to in paragraph 14 above as soon as reasonably practicable after delivery thereof, provided that notwithstanding any other provision in this Plan Sanction Order, the Monitor shall not deliver the Monitor's Plan implementation certificate

- 5 -

unless and until (i) the Monitor has received confirmation from the Administrative Agent that the Administrative Agent has received, or escrow arrangements satisfactory to the Administrative Agent have been made, to ensure that the Administrative Agent receives, from or on behalf of the LP Entities in immediately available funds an amount sufficient to be distributed to the Senior Lenders in indefeasible repayment in full of all amounts owing under the Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement (as such capitalized terms are defined in the Initial Order) and any other amounts secured by security granted by the LP Entities in favour of the Collateral Agent (as defined in the Senior Credit Agreement), including Cash Management Claims, provided that the cash management services currently provided to the LP Entities by The Bank of Nova Scotia will either be assumed by the Purchaser or terminated on the Plan Implementation Date, in either case on terms satisfactory to the Purchaser and The Bank of Nova Scotia, acting reasonably; and (ii) the Monitor has received confirmation from the DIP Administrative Agent that either the DIP Lender Distribution Amount is nil or that the DIP Administrative Agent has received, or escrow arrangements satisfactory to the DIP Administrative Agent have been made, to ensure that the DIP Administrative Agent receives from or on behalf of the LP Entities in immediately available funds, the DIP Lender Distribution Amount. For the purposes of calculating the amount set out in paragraph 15(i) herein, the principal amount outstanding under the Credit Agreement and the Hedging Agreements (as such capitalized terms are defined in the Initial Order) shall be as set out in Schedule "C" hereto provided that to the extent there is a dispute among the Administrative Agent, the LP Entities and the Monitor with respect to the amounts owing under the Credit Agreement, the Hedging Agreements, the Collateral Agency Agreement (as such capitalized terms are defined in the Initial Order) or any other amounts secured by security granted by the LP Entities in favour of the Collateral Agent (as defined in the Senior Credit Agreement), including Cash Management Claims, such dispute will be determined by Order of the Court.

16. **THIS COURT ORDERS** that as of the Effective Time on the Plan Implementation Date, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are hereby approved, binding and effective in accordance with the provisions of the Plan, and shall enure to the benefit of and be binding upon the LP Entities, all Affected Creditors, past and present directors or officers of the LP Entities, including *de facto* directors and officers, the Purchaser, and all other Persons and

- 6 -

Parties named or referred to in, affected by, or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

**TRANSACTIONS TO BE COMPLETED PRIOR TO THE PLAN IMPLEMENTATION DATE**

17. **THIS COURT ORDERS** that the steps to be taken prior to the Plan Implementation Date pursuant to section 7.2 of the Plan, including the step set out in paragraph 18 of this Plan Sanction Order, are and shall be deemed to occur and be effected in the sequential order contemplated by section 7.2 of the Plan.

18. **THIS COURT ORDERS** that, based solely on the information provided by the Affected Creditors to the Monitor, the Monitor shall advise the Purchaser of the aggregate Cash Elected Amount not less than three (3) Business Days prior to the Plan Implementation Date.

**TRANSACTIONS TO BE COMPLETED ON THE PLAN IMPLEMENTATION DATE BEGINNING AT THE EFFECTIVE TIME**

19. **THIS COURT ORDERS** that the steps to be taken and the compromises and releases to be effected on the Plan Implementation Date are and shall be deemed to occur and be effected in the order contemplated in section 7.3 of the Plan, without any further act or formality, on the Plan Implementation Date, beginning at the Effective Time.

20. **THIS COURT ORDERS** that if, and to the extent that, any of the Affected Creditors entitled to receive Shares are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the Share Amount in accordance with the Plan.

21. **THIS COURT ORDERS** that if, and to the extent that, any of the Affected Creditors that have made or are deemed to have made a valid Cash Election in accordance with the Plan are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the Cash Amount in accordance with the Plan.

22. **THIS COURT ORDERS** that in consideration for the assumption by CPI of the liability to pay the Share Amount and the Cash Amount, each of the Limited Partnership, CCI and CBI shall assign to CPI its entitlement to receive such portion of the Purchase Price allocable to it pursuant to section 4.1 of the Asset Purchase Agreement as is equal to the aggregate of the

- 7 -

Share Amount and the Cash Amount applicable to the Affected Creditors of the Limited Partnership, CCI and CBI, respectively.

23. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the LP Entities shall be and are hereby authorized and directed to pay from the Cash and Equivalents:

- (a) all fees and disbursements owing as at the Plan Implementation Date to the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, the LP CRA and counsel to the LP CRA;
- (b) all fees and disbursements owing as at the Plan Implementation Date to RBC pursuant to the engagement letter dated October 1, 2009 between CPI, the Limited Partnership and RBC, including the Sale/Restructuring Fee contemplated therein, which engagement letter was approved by the Court pursuant to the terms of the Initial Order; and
- (c) any amounts then due and payable under the LP MIP.

24. **THIS COURT ORDERS** that the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, shall be paid to the Administrative Agent as follows:

- (a) The Monitor shall release from escrow to the Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the Senior Credit Agreement, the Deposit; and
- (b) The remainder of the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, as at the Plan Implementation Date shall be paid by the Purchaser to the Administrative Agent:
  - (i) on behalf and for the account of CCI, in its capacity as guarantor, CBI, in its capacity as guarantor, and the Limited Partnership, in its capacity as borrower or counterparty, to the extent of the portion of the Purchase Price allocable to CCI, CBI and the Limited Partnership, respectively, pursuant to section 4.1 of the Asset Purchase Agreement less the amount, if any, of



- 8 -

such portion of the Purchase Price, the entitlement to which has been assigned to CPI pursuant to paragraph 22 above; and

(ii) on behalf of CPI, in its capacity as guarantor, as to the remainder.

25. **THIS COURT ORDERS** that following the payment of the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, to the Administrative Agent by the Monitor and the Purchaser in accordance with paragraph 24 above, the Administrative Agent is hereby authorized and directed to pay to each Senior Lender that is a party to one or more Hedging Agreements an amount equal to the principal amount of such Senior Lender's senior secured claim arising under or pursuant to such Hedging Agreement(s) plus accrued and outstanding interest thereon (the "**Hedging Claims**").

26. **THIS COURT ORDERS** that the Administrative Agent shall have no duty to any Senior Lender in respect of any Hedging Claim save and except for the obligation of the Administrative Agent to make payment to such Senior Lender to the extent that monies are actually received by the Administrative Agent from the Monitor and the Purchaser in accordance with paragraph 24 above, that the Administrative Agent shall have no liability for any breach of that duty except for breaches arising from the gross negligence or wilful misconduct of the Administrative Agent, and that the duties, obligations and liabilities of the Administrative Agent and its advisors pursuant to paragraph 25 above are subject to and are limited by the terms of the Senior Credit Agreement as if the Hedging Claims arose thereunder.

27. **THIS COURT ORDERS** that the Administrative Agent shall be entitled to establish a record date (the "**Senior Lender Distribution Record Date**") for the purpose of determining which Senior Secured Creditors are entitled to receive distributions out of the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, and the Administrative Agent shall be entitled to rely solely upon the Administrative Agent's existing books and records (the "**Administrative Agent's Books and Records**") as of the Senior Lender Distribution Record Date for the purposes of determining which Senior Secured Creditors are entitled to receive distributions out of the Senior Lender Distribution Amount. Not later than three (3) Business Days following the Senior Lender Distribution Record Date, the Administrative Agent shall be authorized to post on one of the IntraLinks web sites maintained by the Administrative Agent for the benefit of the Senior Lenders a notice (the

“**Senior Secured Creditor Distribution Notice**”) to the Senior Secured Creditors setting out the names of the Senior Secured Creditors entitled to receive distributions based solely on the Administrative Agent’s Books and Records as of the Senior Lender Distribution Record Date. To the extent that any Senior Secured Creditor does not agree with the information contained in the Senior Secured Creditor Distribution Notice and is not able to resolve the matter with the Administrative Agent prior to the Plan Implementation Date, such Senior Secured Creditor shall be entitled to seek direction from the Court.

28. **THIS COURT ORDERS** that the Purchaser shall pay to the DIP Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the DIP Credit Agreement, the DIP Lender Distribution Amount, if any.

29. **THIS COURT ORDERS** that following receipt of the payment of the Senior Lender Distribution Amount to the Administrative Agent, which shall include the amount required under paragraph 15(i) herein, and the payment of the DIP Lender Distribution Amount to the DIP Administrative Agent by the Monitor and the Purchaser in accordance with the provisions of this Plan Sanction Order, the Administrative Agent, the DIP Administrative Agent and the collateral agent shall be authorized to execute such releases of security as are reasonably requested by the LP Entities.

30. **THIS COURT ORDERS** that the Purchaser shall pay to the Monitor, on behalf and for the account of CPI, the aggregate of all Cash Elected Amounts in respect of Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan.

31. **THIS COURT ORDERS** that, at the direction of the Purchaser, Holdco shall issue to CPI the Share Consideration and CPI shall, on its own behalf and in its capacity as guarantor to the extent Shares are to be distributed to Affected Creditors whose Claim consists of a debt guaranteed by CPI, as the case may be, cause such Share Consideration to be administered by the Monitor pursuant to sections 5.1 and 5.2 of the Plan.

32. **THIS COURT ORDERS** that the Purchaser shall assume the Assumed Liabilities, the Prior Ranking Secured Claims in respect of lessors under Personal Property

- 10 -

Leases, the Permitted Encumbrances, the Employee Priority Claims, the Government Priority Claims (except to the extent such Government Priority Claims are funded out of cash reserves or Shares pursuant to and in accordance with the Plan) and the Pension Priority Claims.

33. **THIS COURT ORDERS** that the Purchaser shall make a payment to Holdco in the amount equal to the aggregate of all costs incurred by Holdco in connection with the Acquisition and the Plan, including all financial advisory fees and expenses, legal fees and expenses and fees and expenses paid to rating agencies.

34. **THIS COURT ORDERS** that each of the Charges shall be terminated, discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool, all payments made to or on behalf of the Administrative Agent, the DIP Administrative Agent or any other Senior Secured Creditor on or prior to the Plan Implementation Date and, except as may otherwise be provided in the Administrative Reserve Order (as herein defined), the Administrative Reserve, provided, however, that the Administrative Charge, as defined in and provided for in the Initial Order, shall not be discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool or the Administrative Reserve unless and until the Administrative Reserve has been authorized and established in accordance with the further Order of this Court (the "**Administrative Reserve Order**").

#### **COMPROMISE OF CLAIMS AND EFFECT OF PLAN**

35. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, any and all Affected Claims of any nature against the LP Entities shall be forever compromised, discharged and released, and the ability of any Person to proceed against the LP Entities in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the rights of Affected Creditors to receive distributions pursuant to the Plan and this Plan Sanction Order in respect of their Affected Claims, in the manner and to the extent provided for in the Plan.

36. **THIS COURT ORDERS** that, all payments received by or on behalf of the Administrative Agent, the DIP Administrative Agent or the other Senior Secured Creditors, whether for principal, interest, fees, recoverable costs or expenses or otherwise, on or prior to the

- 11 -

Plan Implementation Date are infeasible, neither the LP Entities nor any secured or unsecured creditor of any of the LP Entities nor any other Person shall have for any reason any claims against any of the Senior Secured Creditors in respect of or for the return of such payments, and the Senior Secured Creditors shall not have any obligation to release or turn over to any Person all or any portion of any of such payments.

37. **THIS COURT ORDERS** that, without in any way limiting the release of the Senior Secured Creditors provided for in paragraph 59 hereof, upon the implementation of the Plan, the Senior Secured Creditors shall be released and discharged from any and all claims which any LP Entity, any secured or unsecured creditor of any of the LP Entities, or any other Person may have in any way relating to, arising or in any way connected with the Senior Secured Creditors' dealings, arrangements or agreements with the LP Entities or any of the LP Entities' creditors or the Senior Secured Creditors' involvement in the CCAA Case, including without limitation any and all claims in any way relating to, arising out of or in connection with the payments referred to in paragraphs 24, 28 and 36 above and any claim of the Subordinated Agent or the LP Subordinated Lenders for costs or expenses.

38. **THIS COURT DECLARES** that, notwithstanding, (i) the pendency of the CCAA Case; (ii) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of any of the LP Entities and any bankruptcy order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made in respect of any of the LP Entities, the release in paragraph 37 above and the making of the payments to the Administrative Agent, the Senior Lenders that are counterparties to the Hedging Agreements and the DIP Administrative Agent referred to in paragraphs 24, 28 and 36 above, shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the LP Entities and shall not be void or voidable, nor constitute nor be deemed to be a fraudulent preference or assignment, fraudulent conveyance, or transfer at undervalue, preference or any other challengeable or voidable transaction under the BIA or any other applicable federal or provincial legislation, nor shall such release or the making of such payments constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

39. **THIS COURT ORDERS** that all Proven Claims determined in accordance with the Amended Claims Procedure Order, the Meeting Order and the Plan shall be final and binding on the LP Entities and all Affected Creditors.

40. **THIS COURT ORDERS** that, without limiting the provisions of the Amended Claims Procedure Order or the Meeting Order, an Affected Creditor that did not file a Proof of Claim by the applicable Claims Bar Date in accordance with the provisions of the Amended Claims Procedure Order, the Meeting Order and the Plan, whether or not such Affected Creditor received notice of the claims process established by the Amended Claims Procedure Order, shall be and is hereby forever barred from making any Affected Claim against the LP Entities and shall not be entitled to any distribution under the Plan, and such Affected Creditor's Claim shall be and is hereby forever barred and extinguished. Nothing in the Plan extends or shall be interpreted as extending or amending the applicable Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Amended Claims Procedure Order or the Meeting Order.

41. **THIS COURT ORDERS** that each Affected Creditor is hereby deemed to have consented and agreed to all of the provisions in the Plan, in its entirety; and each Affected Creditor is hereby deemed to have executed and delivered to the LP Entities all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

42. **THIS COURT ORDERS** that on the Plan Implementation Date, the LP Notes Indenture, the LP Notes and related transaction documents, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule and obligations of the LP Entities under such documents, agreements, or instruments evidencing any Claims with respect to the LP Notes shall be discharged, provided however, that the LP Notes Indenture shall continue in effect for purposes of permitting The Bank of New York Mellon, as successor to the LP Notes Trustee, and the Canadian LP Notes Trustee and their agents to (i) make distributions pursuant to the Plan and to perform such other necessary functions with respect thereto, and (ii) maintain and assert any rights or liens with respect thereto.

**ESTABLISHMENT OF THE POOLS AND DISTRIBUTIONS AND PAYMENTS BY THE MONITOR**

43. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the Unsecured Creditors' Pool shall be deemed to be held and administered by the Monitor in escrow for distribution in accordance with the Plan.

44. **THIS COURT ORDERS** that the Monitor shall administer the Unsecured Creditors' Cash Pool, which shall be held by the Monitor in escrow for the benefit of the Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan.

45. **THIS COURT ORDERS** that the Monitor shall administer the Unsecured Creditors' Equity Pool with the Share Consideration issued by Holdco to CPI pursuant to section 7.3(h) of the Plan, which shall be administered by the Monitor to effect distributions to the Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan.

46. **THIS COURT ORDERS** that the Monitor shall maintain and administer the Disputed Claims Reserve in accordance with the Plan.

47. **THIS COURT ORDERS** that pursuant to the Plan, the Initial Distribution Date will be a date not more than seven (7) days after the later of (x) the Plan Implementation Date and (y) the date that the last Disputed Claim is quantified (but not necessarily resolved) by agreement with the relevant Affected Creditor or by a claims officer or the Court.

48. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, subject to the Disputed Claims Reserve held by the Monitor in escrow, the Monitor on behalf and for the account of the LP Entities, shall be and is hereby authorized to make distributions on the Initial Distribution Date and each subsequent Distribution Date from the Unsecured Creditors' Cash Pool to each Affected Creditor with a Proven Claim equal to or less than \$1,000 and to each Affected Creditor with a Proven Claim greater than \$1,000 who has made a valid

- 14 -

Cash Election in accordance with the Plan, by way of a cheque in an amount equal to such Affected Creditors' Cash Elected Amount, sent by prepaid ordinary mail to the address for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor.

49. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, subject to the Disputed Claims Reserve held by the Monitor in escrow, the Monitor on behalf and for the account of the LP Entities, shall be and is hereby authorized to make distributions on the Initial Distribution Date and each subsequent Distribution Date from the Unsecured Creditors' Equity Pool to each Affected Creditor with a Proven Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan, by way of a distribution of Shares in an amount such that after giving effect to that distribution and any prior distributions, each Affected Creditor shall have received its Pro Rata Share.

50. **THIS COURT ORDERS** that no payments or distributions from the Unsecured Creditors' Pool in relation to any Disputed Claim shall be made with respect to all or any portion of a Disputed Claim unless and to the extent that it has become a Proven Claim, in whole or in part, in accordance with the Amended Claims Procedure Order, the Meeting Order and section 6.1 of the Plan.

51. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the Monitor, on behalf of the LP Entities, shall be and is hereby authorized and directed to make distributions from the Disputed Claims Reserve on the last Business Day of every month (or more frequently as the Monitor may determine in its sole and unfettered discretion) to:

- (a) each holder of a Disputed Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, that has become a Proven Claim on or before the third Business Day prior to a Distribution Date (other than the Final Distribution Date), the appropriate portion of Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions, such Affected Creditor shall have received its Pro Rata Share;
- (b) each other holder of a Proven Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, the appropriate portion of

- 15 -

Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions each such Affected Creditor on such Distribution Date shall have received its Pro Rata Share; and

- (c) each holder of a Disputed Claim that has become a Proven Claim on or before the third Business Day prior to such Distribution Date who has made or been deemed to have made a valid Cash Election in accordance with the Plan and who has not yet received a cash distribution, the appropriate portion of cash in the Disputed Claims Reserve in respect of such Affected Claim that would have been distributed on the Initial Distribution Date had such Disputed Claim been a Proven Claim.

52. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the Monitor shall be and is hereby authorized and directed to distribute any balance that remains in the Disputed Claims Reserve on the Final Distribution Date as follows:

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

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

54. **THIS COURT ORDERS** that on the Plan Implementation Date and in accordance with section 7.3 of the Plan, the Purchaser, on behalf and for the account of the LP Entities, shall:

- (a) make payments to the Administrative Agent by way of cash and wire transfer(s) (in accordance with wire transfer instructions provided to the applicable LP



- 16 -

Entities and the Monitor at least three (3) Business Days prior to the Plan Implementation Date) in the sum of the Senior Lender Distribution Amount, which shall include the amounts set out in paragraph 15(i) herein; and

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

55. **THIS COURT ORDERS** that all distributions and payments by or at the direction of the Monitor, in each case on behalf of the LP Entities, to the Affected Creditors under the Plan are for the account of the LP Entities and the fulfilment of their obligations under the Plan.

#### **STAY OF PROCEEDINGS**

56. **THIS COURT ORDERS** that, subject to further Order of this Court, the stay of proceedings under the Initial Order shall be and is hereby extended to, and including, July 30, 2010 provided that if the Plan Implementation Date occurs on or prior to July 30, 2010 then the stay of proceedings under the Initial Order shall be and is hereby extended to, and including, the Final Distribution Date.

57. **THIS COURT ORDERS** that, subject to performance by the LP Entities of their obligations under the Plan, all obligations, agreements or leases to which any of the LP Entities is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Date, unless disclaimed or resiliated or deemed to be disclaimed or resiliated by the LP Entities pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

- (a) of any event which occurred prior to, and not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived under

- 17 -

the Plan, which would have entitled any other party thereto to enforce those rights or remedies;

- (b) that the LP Entities have sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
- (c) of any default or event of default arising as a result of the financial condition or insolvency of the LP Entities;
- (d) of the effect upon the LP Entities of the completion of any of the transactions contemplated under the Plan;
- (e) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan; or
- (f) of the assignment of any obligations, agreements, leases or other arrangements pursuant to the Asset Purchase Agreement.

58. **THIS COURT ORDERS** that any and all Persons shall be and are hereby stayed from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any matter which is released pursuant to paragraph 59 of this Plan Sanction Order and section 8.1 of the Plan.

#### **RELEASES**

59. **THIS COURT ORDERS** that pursuant to and in accordance with section 8.1 of the Plan, on the Plan Implementation Date the Released Parties, including the Monitor and *de facto* directors and officers of the LP Entities, shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or other Person (other than the Senior Secured Creditors in respect of the LP Entities) may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds

- 18 -

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

#### **THE MONITOR**

60. **THIS COURT ORDERS** that as of the Effective Time, the Monitor shall be discharged and released from its duties other than those obligations, duties and responsibilities necessary or required to give effect to the terms of the Plan.

61. **THIS COURT ORDERS AND DECLARES** that the actions and conduct of the Monitor in the CCAA Proceedings are hereby approved and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order, and that in addition to the protections in favour of the Monitor as set out in the Initial Order, the Monitor shall not be liable for any act or omission on the part of the Monitor, including with respect to any reliance thereof, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of duties under the Plan or as requested by the LP Entities or with respect to any other duties or obligations in respect of the implementation of the Plan, save and

except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Subject to the foregoing, and in addition to the protections in favour of the Monitor as set out in the Orders of this Court, any claims against the Monitor in connection with the performance of its duties as Monitor are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

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

63. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein, shall be and is hereby authorized, directed and empowered to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan.

64. **THIS COURT ORDERS** that the Monitor shall be and is hereby authorized to execute and deliver on behalf of CPI, any Person required to withhold, deduct and/or remit to a Taxing Authority and on its own behalf all such stock transfer instruments, omnibus directions and other instruments and instructions which are necessary or advisable in the reasonable business judgment of the Monitor to effect the distribution or sale of Shares in accordance with the Plan, and Holdco, its agents, Computershare Investor Service Inc. and third party brokers, as applicable, shall be and are hereby authorized and directed to accept all such stock transfer instruments, omnibus directions, and other instruments and instructions when received.

65. **THIS COURT ORDERS** that upon completion by the Monitor of its duties in respect of the LP Entities pursuant to the CCAA and the Orders, including without limitation the Monitor's duties in respect of the Amended Claims Procedure Order and distributions made by or at the direction of the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination, substantially in the form attached hereto as Schedule "D", stating that all of its duties in respect of the LP Entities pursuant to the CCAA and the Orders have been completed and thereupon, FTI Consulting Canada Inc. shall be deemed to be

discharged from its duties as Monitor of the LP Entities and the Charges shall be terminated and released.

66. **THIS COURT ORDERS** that for a period of five years after the Plan Implementation Date (or such longer period as the Purchaser and the LP Entities may agree):

- (a) Purchaser shall provide the LP Entities and the Monitor with reasonable access to any information in its possession or control relating to the Business and the business of the National Post as the LP Entities or the Monitor may reasonably require to meet legal, regulatory, accounting and auditing requirements;
- (b) upon the request of the Monitor, acting reasonably, employees of the Purchaser shall assist the Monitor in the performance of its duties and obligations, including the duties and obligations of the LP Entities under the Asset Purchase Agreement and the preparation and service of notices to creditors and preparation of the LP Entities' tax returns; and
- (c) upon the request of any trustee in bankruptcy appointed in respect of the estates of the LP Entities, the Purchaser shall (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 (as defined in the Asset Purchase Agreement) to assist the trustee in bankruptcy in the performance of its duties and obligations including the preparation and service of notices to creditors.

#### **ADDITIONAL PROVISIONS**

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

68. **THIS COURT ORDERS** that the activities of the Monitor as described in the Sixth Report of the Monitor dated April 6, 2010, the Seventh Report of the Monitor dated May 10, 2010, the Supplement to the Seventh Report of the Monitor dated May 16, 2010, the

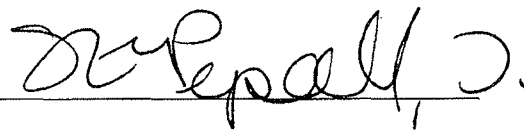
- 21 -

Monitor's Eighth Report, the Supplement to the Monitor's Eighth Report dated June 10, 2010 and the Ninth Report of the Monitor dated June 3, 2010 be and are hereby approved.

69. **THIS COURT ORDERS** that the fees and disbursements of the Monitor for the period from March 22, 2010 to May 31, 2010, all as particularized in the Affidavit of Paul Bishop sworn June 14, 2010 are hereby approved, and that the fees and disbursements of counsel for the Monitor, Stikeman Elliott LLP, for the period from March 20, 2010 to May 29, 2010, all as particularized in the Affidavit of Daphne J. MacKenzie sworn June 14, 2010 are hereby approved.

70. **THIS COURT ORDERS** that the LP Entities and the Monitor may apply to this Court for advice and direction, or to seek relief in respect of, any matters arising from or under the Plan and this Plan Sanction Order, including without limitation the interpretation of this Plan Sanction Order and the Plan or the implementation thereof, and for any further Order that may be required, on notice to any party likely to be affected by the Order sought or on such notice as this Court orders.

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



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

JUN 18 2010

PER / PAR: 

**SCHEDULE "A"**

**AMENDED CONSOLIDATED PLAN OF COMPROMISE OF THE LP ENTITIES**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**APPLICANTS**

---

**AMENDED CONSOLIDATED PLAN OF COMPROMISE**

**concerning, affecting and involving**

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

---

**May 20, 2010**



**AMENDED PLAN OF COMPROMISE**

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

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

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

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

**AND WHEREAS** CW Acquisition Limited Partnership assigned the Asset Purchase Agreement to 7536321 Canada Inc.;

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

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

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

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

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

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

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

- 3 -

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

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

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

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

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

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

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

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

- 4 -

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

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

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

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

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

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

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

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

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

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

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

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

- (a) made by an Affected Creditor with a Proven Claim or a Disputed Claim greater than \$1,000 by delivering a duly completed and executed Cash Election form, substantially in the form attached to the Meeting Order, to the Monitor by no later

- 5 -

than 5:00 p.m. (Toronto time) on June 7, 2010 or three (3) Business Days prior to the Creditors' Meeting; and

- (b) deemed to have been made by all Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000;

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

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

**"CBI"** shall have the meaning ascribed thereto in the recitals;

**"CCAA"** shall have the meaning ascribed thereto in the recitals;

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

**"CCI"** shall have the meaning ascribed thereto in the recitals;

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

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

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

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

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

**"Computershare"** means Computershare Investor Services Inc.;

**"Court"** shall have the meaning ascribed thereto in the recitals;

**"CPI"** shall have the meaning ascribed thereto in the recitals;

- 6 -

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

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

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

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

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

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

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

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

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

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

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

- 7 -

made a valid Cash Election in accordance with the Plan if such Disputed Claims had been Proven Claims as of such date;

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

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

**“Distribution Materials Record Date”** means a date to be determined by the LP Entities, which date shall be posted on the Website and shall be not less than seven (7) days prior to the Plan Sanction Date;

**“DRS Account”** means the account administered by Computershare in its Direct Registration System in which those Affected Creditors entitled to receive Shares pursuant to and in accordance with the Plan hold such Shares in book-entry form;

**“DRS Transaction Advice”** means a statement delivered by Holdco or its agent or Computershare, as applicable, (at the expense of Holdco) on the Initial Distribution Date and each subsequent Distribution Date, as applicable, to or as directed by an Affected Creditor indicating the number of Shares registered in the name of or as directed by such Affected Creditor in book-entry form in a DRS Account;

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

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

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

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

**“Encumbrance”** means any charge, mortgage, lien, pledge, claim, restriction, security interest or other encumbrance whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under the law applicable to such property,

- 8 -

interests or rights and whether or not they constitute specific or floating charges as those terms are understood under the laws of the Province of Ontario;

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

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

“**Government Priority Claims**” means all Claims of Governmental Authorities in respect of amounts that are outstanding and that are of a kind that could be subject to a demand on or before the Final Distribution Date under:

- (a) subsections 224(1.2) and 224(1.3) of the ITA;
- (b) any provision of the *Canada Pension Plan* or the *Employment Insurance Act* (Canada) that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or employee’s premium or employer’s premium as defined in the *Employment Insurance Act* (Canada), or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
  - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
  - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

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

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

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

- 9 -

respect of any Indebtedness of any other Person and including any absolute or contingent obligation to:

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

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

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

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

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

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

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

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

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

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



- 10 -

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

“**Letter of Instruction**” means a form, to be completed by Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not provided a valid Cash Election form to the Monitor in accordance with the Plan, and that is to be delivered by such Affected Creditors to the Monitor in accordance with the Plan, which form shall set out (i) the registration details for the Shares for such Affected Creditors; and (ii) the address to which such Affected Creditors’ DRS Transaction Advice are to be delivered;

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

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

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

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

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

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

“**LP Notes**” means the US\$400 million of senior subordinated notes that bear interest at 9.25% that were issued pursuant to the LP Notes Indenture;

“**LP Notes Canadian Trustee**” means BNY Trust Company of Canada as Canadian Trustee under the LP Notes Indenture;

“**LP Notes Indenture**” means the note indenture dated July 13, 2007, as amended and supplemented, by and among CanWest MediaWorks Limited Partnership as issuer, certain guarantors thereto including CanWest MediaWorks Publications Inc. and CBI, The Bank of New York as U.S. Trustee, and BNY Trust Company of Canada as Canadian Trustee;

“**LP Notes Trustee**” means The Bank of New York Mellon, as successor to The Bank of New York as U.S. Trustee under the LP Notes Indenture;

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

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

- 11 -

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

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

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

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

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

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

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

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

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

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

- 12 -

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

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

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

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

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

**"Plan Implementation Date"** means the date on which all of the conditions precedent to the implementation of the Plan have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Asset Purchase Agreement and the Plan, waived, as evidenced by a certificate to that effect delivered to the Purchaser and subsequently filed

- 13 -

with the Court by the Monitor, with the consent of the Purchaser, provided that the Plan Implementation Date shall not occur prior to the Acquisition Date;

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

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

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

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

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

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

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

**“Purchaser”** means 7536321 Canada Inc. and/or a Designated Purchaser, as applicable;

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

**“Record Date”** means May 18, 2010;

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

**“Required Majority”** means a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims of such Affected Creditors who actually

- 14 -

vote on the resolution approving the Plan (in person, by proxy or by ballot) at the Creditors' Meeting or were deemed to vote on such resolution;

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

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

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

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

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

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

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

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

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

**“Share Consideration”** means that number of Voting Shares, rounded down to the nearest whole number, which is equal to the difference between (i) 13,000,000 and (ii) the aggregate of the Cash Elected Amount in respect of Affected Creditors with Proven

- 15 -

Claims and Disputed Claims equal to or less than \$1000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1000 who have made or are deemed to have made a valid Cash Election in accordance with the Plan divided by \$11.54;

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

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

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

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

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

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

**“Unaffected Claims”** means:

- (a) Claims of the Purchaser arising from or relating to the Administrative Reserve Order with respect to its residual claim, if any, in the Administrative Reserve that is not used to satisfy the payment in full of the Administrative Reserve Costs;
- (b) Secured Claims, including the Senior Secured Creditors’ Claims but not the Prior Ranking Secured Claims referred to in paragraph (c) below;
- (c) Prior Ranking Secured Claims in respect of lessors under Personal Property Leases and Permitted Encumbrances;
- (d) Employee Priority Claims;
- (e) Government Priority Claims;
- (f) Pension Priority Claims;
- (g) Intercompany Claims;

- 16 -

- (h) Insured Claims;
- (i) all Grievances or claims that can only be advanced in the form of a Grievance pursuant to the terms of a collective bargaining agreement;
- (j) Cash Management Claims; and
- (k) any other Claim excluded under the Amended Claims Procedure Order;

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

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

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

**“Unsecured Creditors’ Equity Pool”** means the equity pool, which shall be comprised of the Share Consideration issued to CPI on the Plan Implementation Date pursuant to and in accordance with the Plan and the Asset Purchase Agreement, from which distributions to Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan are to be made pursuant to and in accordance with the Plan;

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

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

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

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

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

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

## 1.2 Certain Rules of Interpretation

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (c) unless otherwise specified, all references to currency are to Canadian dollars;
- (d) the division of the Plan into “articles” and “sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “articles” and “sections” intended as complete or accurate descriptions of the content thereof;
- (e) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a Schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (f) the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;



- 18 -

- (j) references to a specified “article” or “section” shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified Article or Section of the Plan, whereas the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions shall be deemed to refer generally to the Plan and not to any particular “article”, “section” or other portion of the Plan and include any documents supplemental hereto; and
- (k) the word “or” is not exclusive.

### **1.3 Successors and Assigns**

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

### **1.4 Governing Law**

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

### **1.5 Schedule**

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

Schedule “A”	Asset Purchase Agreement (without schedules) and the form of assignment and amending agreement in respect thereof
--------------	---

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

### **2.1 Purpose:**

The purpose of the Plan is:

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

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

## 2.2 Persons Affected

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

## 2.3 Persons Not Affected

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

### ARTICLE 3

#### CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS

### 3.1 Classification of Creditors

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

### 3.2 Claims of Affected Creditors

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

### **3.3 Unaffected Claims**

No holder of an Unaffected Claim shall:

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

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

The Senior Secured Creditors shall be entitled to receive payment in full of the Senior Lender Distribution Amount and the DIP Lender Distribution Amount pursuant to and in accordance with the Order approving the Asset Purchase Agreement.

### **3.5 Priority Claims**

The Prior Ranking Secured Claims in respect of lessors under Personal Property Leases and Permitted Encumbrances, the Employee Priority Claims, the Government Priority Claims (except to the extent such Government Priority Claims are funded out of cash reserves or Shares pursuant to and in accordance with the Administrative Reserve Order) and the Pension Priority Claims shall be assumed by the Purchaser on the Plan Implementation Date pursuant to and in accordance with the Plan.

### **3.6 Creditors' Meeting**

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

### **3.7 Voting**

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

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

The procedure for valuing Voting Claims and resolving disputes and entitlement to voting is set forth in the Amended Claims Procedure Order, the Meeting Order and the Plan. The LP Entities and the Monitor shall have the right to seek the assistance of the Court in valuing

- 21 -

any Voting Claim in accordance with the Amended Claims Procedure Order, the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

### **3.9 Approval by Creditors**

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

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

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

### **3.11 Set-Off**

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

## **ARTICLE 4**

### **UNSECURED CREDITORS' POOL AND THE ADMINISTRATIVE RESERVE**

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

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

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

On the Plan Implementation Date, CPI shall be issued the Share Consideration pursuant to section 7.3(h) of the Plan, which shall comprise the Unsecured Creditors' Equity Pool. The Unsecured Creditors' Equity Pool shall be administered by the Monitor to effect distributions to Affected Creditors with Proven Claims and Disputed Claims (to the extent such Disputed Claims subsequently become Proven Claims) greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan, pursuant to and in accordance with the Plan.

#### **4.3 The Administrative Reserve**

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

- 22 -

the Administrative Reserve Order and the Plan, with any remaining balance to be distributed to the Purchaser in accordance with the Administrative Reserve Order.

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

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

### **5.1 Distribution Mechanics**

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

- (a) on or before the Distribution Materials Record Date the LP Entities shall send by prepaid first class mail, courier, email or facsimile to Affected Creditors to the address for such Affected Creditor as of the Distribution Materials Record Date specified in the Proof of Claim, or as evidenced by any assignment or transfer in accordance with section 5.8(b) of the Plan, a blank Letter of Instruction and a blank Canadian Creditor Declaration provided however, that for Affected Creditors that are LP Noteholders, the LP Entities shall send by email, facsimile, and/or courier a blank Letter of Instruction to the LP Notes Trustee;
- (b) each Affected Creditor, including the LP Notes Trustee on behalf of the LP Noteholders, shall deliver to the Monitor a duly completed and executed Letter of Instruction and, if the Affected Creditor is a Canadian Creditor, a duly completed and executed Canadian Creditor Declaration that must be received by the Monitor on or before the Plan Sanction Date or such other date as the Monitor may agree;
- (c) to effect distributions on the Initial Distribution Date and each subsequent Distribution Date the Monitor shall deliver an omnibus direction to Holdco or its agent, as applicable, directing Holdco or its agent, as applicable, to transfer Shares from CPI to Affected Creditors in accordance with such omnibus direction. Subject to section 5.1(i) of the Plan, the omnibus direction delivered by the Monitor shall be based on information set forth in section 5.1(b) of the Plan that it has received and the amount of such Affected Creditor's Proven Claim. The omnibus direction shall include the following information:
  - (i) registration and delivery details of each Affected Creditor entitled to receive Shares on such distribution date; and
  - (ii) the number and class of Shares to be transferred from CPI to each Affected Creditor on such distribution date;
- (d) Holdco, or its agent, as applicable, (at the expense of Holdco) shall cause Computershare to record in each of the Affected Creditors' DRS Accounts the number of Voting Shares or Variable Voting Shares, as applicable, that are to be distributed to each Affected Creditor pursuant to and in accordance with the Plan,

- 23 -

and shall send to such Affected Creditor a DRS Transaction Advice to the address for such Affected Creditor specified in the Proof of Claim or Letter of Instruction delivered by such Affected Creditor to the Monitor in accordance with section 5.1(b) of the Plan;

- (e) Holdco, or its agent, as applicable, shall deliver to the Monitor a DRS Transaction Advice indicating the number of Voting Shares held in the DRS Account established for CPI following the transfer of Shares to Affected Creditors from CPI on the Initial Distribution Date and each subsequent Distribution Date;
- (f) Holdco, or its agent, as applicable, shall use reasonable efforts to qualify the Shares as eligible for deposit into depositories;
- (g) with respect to the distributions to be made to Affected Creditors pursuant to the Plan, no fractional Shares of Holdco will be issued. Recipients of Shares will have their share entitlements adjusted downwards to the nearest whole number of Shares to eliminate any such fractions and no compensation will be given for the fractional interest. On the Final Distribution Date, to the extent any Shares remain as a result of the downward adjustments to eliminate fractions made in connection with the distribution on such day, those remaining Shares shall be donated to Holdco for immediate cancellation;
- (h) the Monitor shall be authorized and directed to execute and deliver on behalf of CPI or on its own behalf all such stock transfers, omnibus directions, and other instruments and instructions which are necessary or advisable in the reasonable business judgment of the Monitor to effect the distributions in accordance with the Plan, and Holdco or its agent, as applicable, shall be authorized and directed to accept all such stock transfers, omnibus directions, and other instruments and instructions when received; and
- (i) an Affected Creditor that does not return a Letter of Instruction to the Monitor in accordance with section 5.1(b) of the Plan shall be deemed to direct the Monitor to cause such Affected Creditor's Shares to be registered in its DRS Account in accordance with the information set out in such Affected Creditor's Proof of Claim.

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

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

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

- 24 -

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

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

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

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

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

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

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

### **5.5 Currency**

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

## 5.6 Interest

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

## 5.7 Treatment of Undeliverable Distributions

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

## 5.8 Assignment of Claims for Voting and Distribution Purposes

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

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

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

Subject to any restrictions contained in Applicable Laws:

- (i) an Affected Creditor of the LP Entities with a Proven Claim or a Disputed Claim equal to or less than \$1,000 and an Affected Creditor with a Proven Claim or a Disputed Claim greater than \$1,000 who has made a valid Cash Election in accordance with the Plan may transfer or assign the whole of its Claim after the Creditors' Meeting provided that the LP Entities shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the LP Entities and the Monitor



- 26 -

on or before on the Plan Sanction Date, or such other date as the Monitor may agree; and

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

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

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

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

- 27 -

system of The Depository Trust Company or such other recognized book-entry depository, the rights of the LP Noteholders shall be exercised only through such depository and shall be limited to those established by law and agreement between the LP Noteholders and such depository and/or direct participants of such depository and such depository will make book-entry transfers among the direct participants of such depository, in all cases, without any further actions on behalf of such LP Noteholders as contemplated above.

### **5.9 Withholding and Reporting Requirements**

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

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

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

### **6.1 No Distribution Pending Allowance**

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

### **6.2 Distributions After Disputed Claims Resolved**

- (a) On the last Business Day of every month (or more frequently as the Monitor may determine in its sole and unfettered discretion), the Monitor, on behalf of the LP Entities, shall distribute in accordance with sections 5.1 and 5.2 of the Plan from the Disputed Claims Reserve to:
  - (i) each holder of a Disputed Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, that has become a Proven Claim on or before the third Business Day prior to a Distribution Date (other than the Final Distribution Date), the appropriate portion of Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions, such Affected Creditor shall have received its Pro Rata Share; and

- 28 -

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

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

## ARTICLE 7 COMPANY REORGANIZATION

### 7.1 Corporate Authorizations

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

- 29 -

steps contemplated by the Plan shall be deemed to be effective and shall have no force and effect.

## 7.2 Pre-Plan Implementation Date Transactions

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

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

## 7.3 Plan Implementation Date Transactions

The following steps and compromises and releases to be effected in the implementation of the Plan shall occur, and be deemed to have occurred sequentially in the following order except that steps (e) through (k) shall occur simultaneously, without any further act or formality on the Plan Implementation Date beginning at the Effective Time:

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

- 30 -

- and financial advisor to the Special Committee, the LP CRA and counsel to the LP CRA;
- (ii) all fees and disbursements owing as at the Plan Implementation Date to RBC pursuant to the engagement letter dated October 1, 2009 between CPI, the Limited Partnership and RBC, including the Sale/Restructuring Fee contemplated therein, which engagement letter was approved by the Court pursuant to the terms of the Initial Order; and
  - (iii) any amounts then due and payable under the LP MIP;
- (e) the Senior Lender Distribution Amount shall be paid to the Administrative Agent as follows:
- (i) Monitor shall release from escrow to the Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the Senior Credit Agreement, the Deposit; and
  - (ii) the remainder of the Senior Secured Claims Amount as at the Plan Implementation Date shall be paid by the Purchaser to the Administrative Agent:
    - (A) on behalf and for the account of CCI, in its capacity as guarantor, CBI, in its capacity as guarantor, and the Limited Partnership, in its capacity as borrower or counterparty, to the extent of the portion of the Purchase Price allocable to CCI, CBI and the Limited Partnership, respectively, pursuant to section 4.1 of the Asset Purchase Agreement less the amount, if any, of such portion of the Purchase Price, the entitlement to which has been assigned to CPI pursuant to paragraph (c) above; and
    - (B) on behalf of CPI, in its capacity as guarantor, as to the remainder;
- (f) Purchaser shall pay to the DIP Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the DIP Credit Agreement, the DIP Lender Distribution Amount, if any;
- (g) Purchaser shall pay to the Monitor, on behalf and for the account of CPI, the aggregate of all Cash Elected Amounts in respect of Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan;
- (h) at the direction of the Purchaser, Holdco shall issue to CPI the Share Consideration and CPI shall, in its capacity as guarantor to the extent Shares are to be distributed to Affected Creditors whose Claim consists of a debt guaranteed by CPI, cause such Share Consideration to be administered by the Monitor pursuant to sections 5.1 and 5.2 of the Plan;

- 31 -

- (i) Purchaser shall assume the Assumed Liabilities;
- (j) Purchaser shall assume the Prior Ranking Secured Claims in respect of lessors under Personal Property Leases and Permitted Encumbrances, the Employee Priority Claims, the Government Priority Claims (except to the extent such Government Priority Claims are funded out of cash reserves or Shares pursuant to and in accordance with the Administrative Reserve Order) and the Pension Priority Claims;
- (k) pursuant to and in accordance with the Sanction and Vesting Orders, all right, title and interest of the LP Entities in and to the Acquired Assets shall vest in the Purchaser, free and clear of all Encumbrances (other than the Permitted Encumbrances);
- (l) [intentionally deleted];
- (m) the Unsecured Creditors' Pool shall be deemed to be held and administered by the Monitor in escrow for distribution in accordance with the Plan;
- (n) Monitor shall:
  - (i) administer the Unsecured Creditors' Cash Pool, which shall be held by the Monitor in escrow for the benefit of the Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan;
  - (ii) administer the Unsecured Creditors' Equity Pool with the Shares issued to CPI pursuant to section 7.3(h), which shall be administered by the Monitor for the benefit of the Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan; and
  - (iii) maintain and administer the Disputed Claims Reserve in accordance with the Plan;
- (o) the Administrative Reserve shall be established and the Monitor shall deposit such Administrative Reserve into the Administrative Reserve Account, which shall be held and distributed by the Monitor in accordance with the Plan and the Administrative Reserve Order;
- (p) [intentionally deleted];
- (q) Purchaser shall make a payment to Holdco in the amount equal to the aggregate of all costs incurred by Holdco in connection with the Acquisition and the Plan, including all financial advisory fees and expenses, legal fees and expenses and fees and expenses paid to rating agencies;

- 32 -

- (r) each of the Charges shall be terminated, discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool and, except as may otherwise be provided in the Administrative Reserve Order, the Administrative Reserve; and
- (s) the compromises with the Affected Creditors and the Release referred to in section 8.1 shall become effective in accordance with the Plan.

## **ARTICLE 8 RELEASES**

### **8.1 Plan Releases**

On the Plan Implementation Date, the LP Entities, the Monitor, FTI Consulting Canada Inc., the LP CRA, the Special Committee, the LP Notes Trustee, the LP Notes Canadian Trustee, the Senior Secured Creditors, the Ad Hoc Committee and each and every present and former shareholder, director, officer, member (including members of any committee or governance council), employee, auditor, financial advisor, legal counsel and agent thereof and any Person claiming to be liable derivatively through any or all of the foregoing Persons (being herein referred to individually as a "**Released Party**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or other Person (other than the Senior Secured Creditors) may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds and statutory liabilities of present and former directors, officers, members and employees of the LP Entities and any alleged fiduciary or other duty (whether acting as a director, officer, member, employee or acting in any other capacity in connection with the administration or management of the LP Pension Plans or otherwise), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the business and affairs of the LP Entities whenever or however conducted, the administration and/or management of the LP Pension Plans, the Plan, the CCAA Case, any Claim that has been barred or extinguished by the Amended Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the LP Entities' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge any Released Party for criminal or other wilful misconduct or present or former directors of the LP Entities with respect to matters set out in section 5.1(2) of the CCAA.

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

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

If the Required Majority of the Affected Creditors approves the Plan, the LP Entities shall apply for the Sanction and Vesting Orders on or before the date set for the hearing of the

Sanction and Vesting Orders or such later date as the Court may set. The Sanction and Vesting Orders shall not become effective until the Plan Implementation Date.

## 9.2 Sanction and Vesting Orders

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

- (a) declare that (i) the Plan has been approved by the Required Majority of Affected Creditors in conformity with the CCAA; (ii) the LP Entities have complied with the provisions of the CCAA and the Orders of the Court made in these proceedings in all respects; (iii) the Court is satisfied that the LP Entities have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (b) declare that as of the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon the LP Entities, all Affected Creditors and all other Persons and Parties affected by the Plan as of the Effective Time;
- (c) declare that the steps to be taken prior to the Plan Implementation Date are deemed to occur and be effected in the sequential order contemplated by section 7.2 of the Plan;
- (d) declare that the steps to be taken and the compromises and releases to be effective on the Plan Implementation Date are deemed to occur and be effected in the sequential order contemplated by section 7.3 of the Plan on the Plan Implementation Date, beginning at the Effective Time;
- (e) declare that each of the Charges shall be terminated, discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool and, except as may otherwise be provided in the Administrative Reserve Order, the Administrative Reserve;
- (f) compromise, discharge and release the LP Entities from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the LP Entities in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims;
- (g) declare that all right, title and interest of the LP Entities in and to the Acquired Assets shall vest in the Purchaser, free and clear of all Encumbrances (other than the Permitted Encumbrances);



- 34 -

- (h) discharge and extinguish all Encumbrances (other than Permitted Encumbrances), including all security registrations against the LP Entities in favour of any Affected Creditor;
- (i) discharge, bar and extinguish the Senior Secured Creditors' Claims and all Encumbrances in respect thereof as against the Acquired Assets, the Unsecured Creditors' Pool and the Administrative Reserve;
- (j) declare that any Claims for which a Proof of Claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;
- (k) seek that the stay of proceedings under the Initial Order be extended to, and including, the Final Distribution Date;
- (l) declare that, subject to performance by the LP Entities of their obligations under the Plan, all obligations, agreements or leases to which any of the LP Entities is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Date, unless disclaimed or resiliated or deemed to be disclaimed or resiliated by the LP Entities pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:
  - (i) of any event which occurred prior to, and not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;
  - (ii) that the LP Entities have sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
  - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the LP Entities;
  - (iv) of the effect upon the LP Entities of the completion of any of the transactions contemplated under the Plan;
  - (v) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan; or
  - (vi) of the assignment of any obligations, agreements, leases or other arrangements pursuant to the Asset Purchase Agreement;
- (m) stay the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that

- 35 -

may be commenced, taken or proceed with against any Released Party in respect of all Claims and any matter which is released pursuant to section 8.1 herein;

- (n) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;
- (o) authorize and direct the Monitor to execute and deliver on behalf of CPI or on its own behalf all such stock transfers, omnibus directions, and other instruments and instructions which are necessary or advisable in the reasonable business judgment of the Monitor to effect the distributions in accordance with the Plan, and authorize and direct Holdco or its agent, as applicable, to accept all such stock transfers, omnibus directions, and other instruments and instructions when received;
- (p) declare that all distributions and payments by or at the direction of the Monitor, in each case on behalf of the LP Entities, to the Affected Creditors under the Plan are for the account of the LP Entities and the fulfillment of their obligations under the Plan;
- (q) declare that upon completion by the Monitor of its duties in respect of the LP Entities pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Amended Claims Procedure Order and distributions made by or at the direction of the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination stating that all of its duties in respect of the LP Entities pursuant to the CCAA and the Orders have been completed and thereupon, FTI Consulting Canada Inc. shall be deemed to be discharged from its duties as Monitor of the LP Entities and the Charges shall be released; and
- (r) declare that the LP Entities and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan.

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

The implementation of the Plan shall be conditional upon (a) the satisfaction or waiver of all conditions precedent under the Asset Purchase Agreement in accordance with the terms of the Asset Purchase Agreement, and the Asset Purchase Agreement not having been terminated; and (b) the receipt by the Administrative Agent of, or escrow arrangements satisfactory to the Administrative Agent being made to ensure that the Administrative Agent receives, from or on behalf of the LP Entities in immediately available funds, an amount sufficient to be distributed to the Senior Lenders in indefeasible repayment in full of the Senior Lender Distribution Amount and the DIP Lender Distribution Amount.

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

Upon delivery of written notice from the Purchaser and the LP Entities of the satisfaction of the conditions set out in section 9.3 of the Plan, the Monitor shall deliver to the Purchaser and the LP Entities a certificate stating that the Plan Implementation Date has occurred and that all of the LP Entities' right, title and interest in and to the Acquired Assets have vested absolutely in

- 36 -

the Purchaser, free and clear of all Encumbrances, other than Permitted Encumbrances, in accordance with the Sanction and Vesting Orders. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court.

## **ARTICLE 10 GENERAL**

### **10.1 Binding Effect**

On the Plan Implementation Date:

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

### **10.2 Waiver of Defaults**

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

### **10.3 Claims Bar Date**

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

### **10.4 Deeming Provisions**

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

### **10.5 Non-Consummation**

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

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

- (a) The LP Entities reserve the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan with the consent of the Purchaser, acting reasonably, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to the Creditors' Meeting, communicated to the Affected Creditors in the manner required by the Court (if so required); and (ii) if made following the Creditors' Meeting, approved by the Court following notice to the Affected Creditors.
- (b) Notwithstanding section 10.6(a), any amendment, restatement, modification or supplement may be made by the LP Entities with the consent of the Monitor and the Purchaser, acting reasonably, or pursuant to an Order following the Plan Sanction Date, provided that it concerns a matter which, in the opinion of the LP Entities, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Orders or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors.
- (c) Any amended, restated, modified or supplementary plan or plans of compromise filed with the Court and, if required by this section, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in the Plan.

### **10.7 Paramountcy**

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

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

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

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

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

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

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

### **10.10 Different Capacities**

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

### 10.11 Notices

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

If to the LP Entities:

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

with a copy to:

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

If to a Creditor:

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

If to the Monitor:

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

with a copy to:

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

- 40 -

If to the Purchaser:

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

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

#### **10.12 Further Assurances**

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

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

**SCHEDULE "A"**

**ASSET PURCHASE AGREEMENT (without schedules) and the form of ASSIGNMENT  
AND AMENDING AGREEMENT in respect thereof**



**SCHEDULE "B"**

**MONITOR'S CERTIFICATE OF PLAN IMPLEMENTATION**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**APPLICANTS**

**CERTIFICATE OF FTI CONSULTING CANADA INC. AS THE COURT-APPOINTED  
MONITOR OF THE LP ENTITIES**

**(Plan Implementation)**

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Amended Consolidated Plan of Compromise concerning, affecting and involving Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. and Canwest Limited Partnership/Canwest Societe en Commandite (collectively, the "**LP Entities**") dated May 20, 2009 (the "**Plan**"), which is attached as Schedule "A" to the Order of the Honourable Madam Justice Pepall made in these proceedings on the ● day of ●, 2010 (the "**Order**"), as such Plan may be further amended, varied or supplemented by the LP Entities from time to time in accordance with the terms thereof.

Pursuant to paragraph [14] of the Order, FTI Consulting Canada Inc. (the "**Monitor**") in its capacity as Court-appointed Monitor of the LP Entities, delivers to the Purchaser and the LP Entities this certificate and hereby certifies that:

1. The Monitor has received a written notice from the Purchaser and the LP Entities that the conditions set out in section 9.3 of the Plan have been satisfied; and

2. With respect to the Plan, the Plan Implementation Date (as defined in the Plan) has occurred.

**DATED** at the City of Toronto, in the Province of Ontario, this ● day of ● , 2010.

**FTI CONSULTING CANADA INC.**, in its  
capacity as Court-appointed Monitor of the LP  
Entities and not in its personal capacity

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

**SCHEDULE "C"**

**PRINCIPAL AMOUNTS OF SENIOR CREDIT AGREEMENT AND HEDGING AGREEMENTS**

	<b>Principal Amount Outstanding</b>
Senior Credit Agreement	Credit B - (CAD)\$117,889,000.00 Credit C - (CAD)\$265,000,000.00 Credit D - (USD)\$458,041,957.81
Two cross currency swap transaction trade confirmations each dated July 12, 2007 between Canwest Limited Partnership (the " <b>Limited Partnership</b> ") and <b>The Bank of Nova Scotia</b>	(CAD)\$20,855,500.00
Cross currency swap transaction trade confirmation dated July 12, 2007 and ISDA Master Agreement dated October 13, 2005 each between the Limited Partnership and <b>Bank of Montreal</b>	(CAD)\$7,270,829.93
Two cross currency swap transaction trade confirmations each dated July 12, 2007 and ISDA Master Agreement dated July 12, 2007 each between the Limited Partnership and <b>Canadian Imperial Bank of Commerce</b>	(CAD)\$10,430,000.00
Two cross currency swap transaction trade confirmations dated July 13, 2007 and August 1, 2008, respectively, and ISDA Master Agreement dated May 29, 2008 each between the Limited Partnership and <b>The Toronto-Dominion Bank</b>	(CAD)\$11,287,973.87
Two interest rate and cross currency swap transaction trade confirmations each dated July 13, 2007 and ISDA Master Agreement dated November 3, 2005 each between the Limited Partnership and <b>Citibank Canada</b>	(CAD)\$16,088,518.00

One cross currency swap transaction trade confirmation dated August 8, 2007 and one interest rate swap transaction trade confirmation dated August 15, 2007 each between the Limited Partnership and <b>Goldman Sachs Capital Markets, L.P.</b>	(USD)\$2,695,757.00

**SCHEDULE "D"**

**MONITOR'S CERTIFICATE OF PLAN TERMINATION**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**APPLICANTS**

**CERTIFICATE OF FTI CONSULTING CANADA INC. AS THE COURT-APPOINTED  
MONITOR OF THE LP ENTITIES**

**(Plan Termination)**

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Amended Consolidated Plan of Compromise concerning, affecting and involving Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. and Canwest Limited Partnership/Canwest Societe en Commandite (collectively, the "**LP Entities**") dated May 20, 2009 (the "**Plan**"), which is attached as Schedule "A" to the Order of the Honourable Madam Justice Pepall made in these proceedings on the ● day of ●, 2010 (the "**Order**"), as such Plan may be further amended, varied or supplemented by the LP Entities from time to time in accordance with the terms thereof.

Pursuant to paragraph [65] of the Order, FTI Consulting Canada Inc. (the "**Monitor**") in its capacity as Court-appointed Monitor of the LP Entities, delivers and files with the Court this certificate and hereby certifies that with respect to the Plan, all of its duties in respect of the LP Entities pursuant to the CCAA and the Orders have been completed and that the Final Distribution Date occurred on ●, 2010.

**DATED** at the City of Toronto, in the Province of Ontario, this ● day of ●, 2010.

**FTI CONSULTING CANADA INC.**, in its  
capacity as Court-appointed Monitor of the LP  
Entities and not in its personal capacity

By: \_\_\_\_\_

Name:

Title:

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

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

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

APPLICANTS

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

Proceeding commenced at Toronto

**PLAN SANCTION ORDER**

**OSLER, HOSKIN & HARCOURT LLP**

Box 50, 1 First Canadian Place  
Toronto, Ontario, Canada M5X 1B8

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

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

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

Lawyers for the Applicants

F. 1117119

---

**ASSET PURCHASE AGREEMENT**

Dated as of May 10, 2010

Between

**7535538 CANADA INC.**

and

**CW ACQUISITION LIMITED PARTNERSHIP**

and

**CANWEST BOOKS INC.**

and

**CANWEST (CANADA) INC.**

and

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

and

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

---



## TABLE OF CONTENTS

	Page
<b>ARTICLE 1</b>	
INTERPRETATION.....	2
Section 1.1 Definitions.....	2
Section 1.2 Actions on Non-Business Days .....	20
Section 1.3 Currency and Payment Obligations .....	20
Section 1.4 Calculation of Time .....	20
Section 1.5 Tender .....	20
Section 1.6 Knowledge .....	20
Section 1.7 Additional Rules of Interpretation .....	20
Section 1.8 Schedules .....	21
<b>ARTICLE 2</b>	
PURCHASE AND SALE OF ACQUIRED ASSETS .....	22
Section 2.1 Purchase and Sale .....	22
Section 2.2 Purchase Price .....	22
Section 2.3 Payment of Purchase Price.....	22
Section 2.4 Distribution of Purchase Price .....	23
Section 2.5 Deposit.....	24
Section 2.6 Tax Elections .....	24
Section 2.7 Conveyance Documents.....	24
<b>ARTICLE 3</b>	
EXCLUDED ASSETS AND EXCLUDED LIABILITIES .....	25
Section 3.1 Excluded Assets.....	25
Section 3.2 Excluded Liabilities .....	25
<b>ARTICLE 4</b>	
PURCHASE PRICE ALLOCATION.....	25
Section 4.1 Purchase Price Allocation.....	25
<b>ARTICLE 5</b>	
EMPLOYEE MATTERS.....	26
Section 5.1 Offers .....	26
Section 5.2 LP Benefit Plans .....	27
Section 5.3 LP Pension Plans.....	29
Section 5.4 Unionized Employees .....	30
<b>ARTICLE 6</b>	
TAX MATTERS.....	30
Section 6.1 Goods and Services Tax and Québec Sales Tax.....	30
Section 6.2 Provincial Retail Sales Taxes.....	31
Section 6.3 Land Transfer Taxes .....	32
Section 6.4 Rejected Elections and Indemnity .....	32

**TABLE OF CONTENTS**  
(continued)

	Page
<b>ARTICLE 7</b>	
<b>REPRESENTATIONS AND WARRANTIES OF THE LP ENTITIES</b> .....	32
Section 7.1 Corporate Matters .....	32
Section 7.2 Financial Matters .....	34
Section 7.3 Share Capital, Shares and Assets – National Post .....	37
Section 7.4 Assets .....	37
Section 7.5 Conduct of Business .....	40
Section 7.6 Employment Matters .....	41
Section 7.7 Pension and Other Benefit Plans .....	42
Section 7.8 General Matters .....	43
<b>ARTICLE 8</b>	
<b>REPRESENTATIONS AND WARRANTIES OF PURCHASER AND</b>	
<b>HOLDCO</b> .....	44
Section 8.1 Status .....	44
Section 8.2 Due Authorization .....	44
Section 8.3 Enforceability .....	44
Section 8.4 Investment Canada Act .....	44
Section 8.5 No Conflicts .....	45
Section 8.6 Financial Ability .....	45
Section 8.7 Litigation .....	46
Section 8.8 Tax Registrations .....	46
Section 8.9 Canadian Newspapers .....	46
Section 8.10 Shareholders' Interests in Canadian Newspapers .....	46
Section 8.11 Diligence by Purchaser .....	46
<b>ARTICLE 9</b>	
<b>COVENANTS</b> .....	47
Section 9.1 General Covenants .....	47
Section 9.2 Actions to Satisfy Closing Conditions .....	48
Section 9.3 Non-Assignable Assets .....	49
Section 9.4 Access .....	50
Section 9.5 Personal Information Privacy .....	50
Section 9.6 Confidentiality .....	51
Section 9.7 Administrative Reserve .....	51
Section 9.8 Approval of CCAA Plan and CCAA Court Orders .....	52
Section 9.9 Distribution .....	54
Section 9.10 Cooperation and Assistance by the LP Entities .....	54
Section 9.11 Restrictions on Amendments .....	56
Section 9.12 Disentanglement from CMI Entities .....	56
Section 9.13 Common Shares .....	57
Section 9.14 Purchaser and Holdco Financing .....	57
Section 9.15 Insured Litigation .....	59

**TABLE OF CONTENTS**  
(continued)

	Page
<b>ARTICLE 10</b>	
<b>CONDITIONS</b> .....	60
Section 10.1 Purchaser's Conditions .....	60
Section 10.2 The LP Entities' Conditions .....	61
Section 10.3 Investment Canada Act .....	62
<b>ARTICLE 11</b>	
<b>SURVIVAL</b> .....	62
Section 11.1 Survival .....	62
<b>ARTICLE 12</b>	
<b>COMPLETION</b> .....	63
Section 12.1 Completion .....	63
Section 12.2 Designated Purchaser .....	63
<b>ARTICLE 13</b>	
<b>TERMINATION</b> .....	63
Section 13.1 Termination Rights .....	63
Section 13.2 Effect of Termination .....	63
Section 13.3 Forfeiture of Deposit, Liquidated Damages .....	64
<b>ARTICLE 14</b>	
<b>MISCELLANEOUS</b> .....	64
Section 14.1 Planning Act .....	64
Section 14.2 Further Assurances .....	64
Section 14.3 Notice .....	64
Section 14.4 Time .....	66
Section 14.5 Governing Law .....	66
Section 14.6 Irrevocable Offer .....	66
Section 14.7 Entire Agreement .....	67
Section 14.8 Amendment .....	67
Section 14.9 Waiver .....	67
Section 14.10 Severability .....	67
Section 14.11 Remedies Cumulative .....	67
Section 14.12 Assignment and Enurement .....	67
Section 14.13 No Third Party Rights .....	68
Section 14.14 Counterparts and Facsimile .....	68

## ASSET PURCHASE AGREEMENT

This Agreement is dated as of May 10, 2010 between

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

and

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

and

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

and

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

and

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

and

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

### RECITALS

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

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

**ARTICLE 1 - INTERPRETATION****Section 1.1 Definitions**

In this Agreement:

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

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

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

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

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

- 3 -

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

- 4 -

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

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

- 5 -

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

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

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

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

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT



- 6 -

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

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

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

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

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

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

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

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

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

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

- 7 -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 9 -

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

ASSET PURCHASE AGREEMENT

- 10 -

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

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

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

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

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

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

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

- 11 -

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

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

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

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

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

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

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

(80) **"Intellectual Property"** means:

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

ASSET PURCHASE AGREEMENT

- 12 -

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

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

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

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

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

ASSET PURCHASE AGREEMENT

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

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

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

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

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

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

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

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

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



- 14 -

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

- 16 -

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

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

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

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

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

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

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

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

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

- 17 -

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

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

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

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

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

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

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

- 18 -

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

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

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

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

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

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

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

- 19 -

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

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

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

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

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

### Section 1.2 Actions on Non-Business Days

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

### Section 1.3 Currency and Payment Obligations

Except as otherwise expressly provided in this Agreement:

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

### Section 1.4 Calculation of Time

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

### Section 1.5 Tender

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

### Section 1.6 Knowledge

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

### Section 1.7 Additional Rules of Interpretation

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

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

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

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

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

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

### Section 1.8 Schedules

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

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

ASSET PURCHASE AGREEMENT



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

## ARTICLE 2 - PURCHASE AND SALE OF ACQUIRED ASSETS

### Section 2.1 Purchase and Sale

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

### Section 2.2 Purchase Price

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

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

### Section 2.3 Payment of Purchase Price

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

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

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

#### Section 2.4 Distribution of Purchase Price

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

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

#### Section 2.5 Deposit

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

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

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

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

#### **Section 2.6 Tax Elections**

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

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

#### **Section 2.7 Conveyance Documents**

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

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

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

### ARTICLE 3 EXCLUDED ASSETS AND EXCLUDED LIABILITIES

#### Section 3.1 Excluded Assets

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

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

#### Section 3.2 Excluded Liabilities

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

### ARTICLE 4 PURCHASE PRICE ALLOCATION

#### Section 4.1 Purchase Price Allocation

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

ASSET PURCHASE AGREEMENT

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

## ARTICLE 5 - EMPLOYEE MATTERS

### Section 5.1 Offers

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

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

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

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

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

(5) The LP Entities will not take any act that is intended to impede, hinder or interfere with Purchaser's efforts to hire any Employee.

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

(7) The LP Entities and Purchaser shall co-operate with each other in all respects relating to any actions to be taken pursuant to this Article 5 and, subject to Applicable Laws, the LP Entities shall provide to Purchaser at Purchaser's request, any information or copies of any personnel records relating to the Transferred Employees.

(8) The LP Entities shall be solely responsible for all termination pay, pay in lieu of notice, severance obligations and all other Liabilities and Claims (other than in connection with (a) the LP Pension Plans; and (b) the Purchaser Assumed Benefit Plans) in respect of any Employee to whom an offer is not made on the Acquisition Date to the extent permitted by this Section 5.1 and any Employee who is offered employment by Purchaser but does not accept or commence employment with Purchaser.

(9) No Employee or Person other than the LP Entities and Purchaser shall be entitled to any rights or privileges under this Section 5.1 or under any other provisions of this Agreement. Without limiting the foregoing, no provision of this Agreement shall: (i) create any third party beneficiary or other rights in any bargaining agent representing Employees or in any other Employee or former employee of an LP Entity (or on any beneficiary or dependant of any Employee or former employee of an LP Entity); (ii) constitute or create an employment agreement or collective agreement; or (iii) constitute or be deemed to constitute an amendment to any of the Purchaser Established Benefit Plans, National Post Benefit Plans or LP Benefit Plans.

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

#### **Section 5.2 LP Benefit Plans**

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

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

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

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

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

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

### Section 5.3 LP Pension Plans

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT



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

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

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

#### **Section 5.4 Unionized Employees**

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

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

### **ARTICLE 6 – TAX MATTERS**

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

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

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

#### **Section 6.2 Provincial Retail Sales Taxes**

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

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

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

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

### **Section 6.4 Rejected Elections and Indemnity**

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

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

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

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

### **Section 7.1 Corporate Matters**

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

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

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

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

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

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

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

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

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

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

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

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

## Section 7.2 Financial Matters

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

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

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

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

- 36 -

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

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

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

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

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

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

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

### **Section 7.3 Share Capital, Shares and Assets – National Post**

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

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

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

### **Section 7.4 Assets**

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

(2) **Real Property.**



- (a) The Real Property listed in Schedule 7.4(2) is the only real property owned by the LP Entities and the National Post and the Leased Premises listed in Schedule 7.4(2) are the only material leased premises held or used in connection with the Business or the business of National Post.
  - (b) Except as set out in Schedule 7.4(2), CPI is the absolute, legal and beneficial owner of, and has good and marketable title in fee simple to, all of the Real Property, free and clear of any and all Encumbrances other than the Permitted Encumbrances, Encumbrances relating to the Senior Credit Agreement and the DIP Credit Agreement and Encumbrances created by order of the CCAA Court in connection with the CCAA Case.
- (3) **Real Property Leases and Leased Premises.**
- (a) Schedule 7.4(3) describes all material Real Property Leases. Complete and correct copies of such Real Property Leases have been provided to Purchaser.
  - (b) Except as disclosed in Schedule 7.4(3), the LP Entities are exclusively entitled to all rights and benefits as lessee under the Real Property Leases, and no LP Entity has sublet, assigned, licensed or otherwise conveyed any rights in the Leased Premises or in the Real Property Leases to any other Person.
  - (c) Except as disclosed in Schedule 7.4(3), or as has been or may be approved by Order of the CCAA Court, all rental and other payments and other obligations required to be paid and performed by an LP Entity pursuant to the Real Property Leases in respect of the periods after the Filing Date have been duly paid and performed. Except as disclosed in Schedule 7.4(3) or as has been or may be approved by Order of the CCAA Court, no LP Entity is in default of any of its obligations under the Real Property Leases and, to the best of the LP Entities' knowledge, none of the landlords or other parties to the Real Property Leases are in default of any of their obligations thereunder in each case except for defaults that, alone or in the aggregate, are not material to the Business, the business of National Post or the operation of any newspaper which is part of the Business.
- (4) **Status of Real Property and Leased Premises.** The Real Property and Leased Premises are zoned so as to permit their current use in all material respects. The use by the LP Entities of the Real Property and the Leased Premises is in material compliance with Applicable Laws and, in particular, is not in material breach of any building, zoning or other statute by-law, ordinance, regulation, covenant, restriction or official plan.
- (5) **Environmental Matters.**
- (a) (i) The LP Entities, National Post, the operation of the Business and the business of National Post, the Acquired Assets (including the Real Property and the Leased Premises) and the use, maintenance and operation thereof have been and are in material compliance with all Environmental Laws; and (ii) none of the LP Entities nor National Post has received any notice of any actual or alleged material non-compliance with any Environmental Law, and (iii) none of the LP Entities nor National Post have ever been convicted of an offence for non-compliance with

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

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

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

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

(8) **Intellectual Property.**

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

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

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

#### Section 7.5 Conduct of Business

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

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

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

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

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

#### **Section 7.6 Employment Matters**

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

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

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

### Section 7.7 Pension and Other Benefit Plans

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

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

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

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

- 43 -

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

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

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

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

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

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

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

#### **Section 7.8 General Matters**

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

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

ASSET PURCHASE AGREEMENT

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

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

#### **ARTICLE 8 – REPRESENTATIONS AND WARRANTIES OF PURCHASER AND HOLDCO**

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

##### **Section 8.1 Status**

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

##### **Section 8.2 Due Authorization**

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

##### **Section 8.3 Enforceability**

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

##### **Section 8.4 Investment Canada Act**

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

### Section 8.5 No Conflicts

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

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

### Section 8.6 Financial Ability

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



### **Section 8.7 Litigation**

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

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

### **Section 8.8 Tax Registrations**

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

### **Section 8.9 Canadian Newspapers**

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

### **Section 8.10 Shareholders' Interests in Canadian Newspapers**

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

### **Section 8.11 Diligence by Purchaser**

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

ASSET PURCHASE AGREEMENT

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

#### ARTICLE 9 - COVENANTS

##### Section 9.1 General Covenants

(1) During the Interim Period, except as contemplated in the Initial Order or the CCAA Case or as otherwise consented to by Purchaser, the LP Entities shall, and shall cause National Post to:

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

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

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

### **Section 9.2 Actions to Satisfy Closing Conditions**

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

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

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

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

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

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

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

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

### Section 9.3 Non-Assignable Assets

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

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

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

#### **Section 9.4 Access**

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

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

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

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

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

#### Section 9.6 Confidentiality

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

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

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

#### Section 9.7 Administrative Reserve

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

**Section 9.8 Approval of CCAA Plan and CCAA Court Orders**

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

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

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

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

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

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

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

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

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

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



### Section 9.9 Distribution

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

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

### Section 9.10 Cooperation and Assistance by the LP Entities

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

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

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

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

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

#### **Section 9.11 Restrictions on Amendments**

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

#### **Section 9.12 Disentanglement from CMI Entities**

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

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

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

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

### Section 9.13 Common Shares

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

### Section 9.14 Purchaser and Holdco Financing

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

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

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

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

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

### **Section 9.15 Insured Litigation**

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

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

## ARTICLE 10 -- CONDITIONS

### Section 10.1 Purchaser's Conditions

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

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

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

(3) **Receipt of Closing Documentation.** Purchaser shall have received copies of all such documentation or other evidence as it may reasonably request in order to effect the consummation of the transactions contemplated by this Agreement and the taking of all corporate proceedings required in respect of the LP Entities or National Post in connection with such transactions.

(4) **Adverse Proceedings.** There shall be outstanding no Order or decree restraining or enjoining the Acquisition or the other transactions contemplated by this Agreement.

(5) **Material Adverse Effect.** No Material Adverse Effect shall have occurred since the date hereof.

(6) **Regulatory Approvals.** All Regulatory Approvals listed in Schedule 10.1(6) shall have been received and shall be absolute or on terms reasonably acceptable to Purchaser.

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

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

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

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

#### **Section 10.2 The LP Entities' Conditions**

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

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

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

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

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



(5) **Sanction and Vesting Orders.** (i) the Sanction and Vesting Orders shall have been issued by the CCAA Court and (ii) shall not have been stayed, vacated, reversed or appealed as of the Acquisition Date, and each of the Sanction and Vesting Orders shall have become a Final Order.

(6) **Adverse Proceedings.** There shall be outstanding no Order or decree restraining or enjoining the Acquisition or the other transactions contemplated by this Agreement.

(7) **Regulatory Approvals.** All Regulatory Approvals listed in Schedule 10.1(6) shall have been received and shall be absolute or on terms reasonably acceptable to the LP Entities, except where any failure to obtain such Regulatory Approval would not constitute a Material Adverse Effect.

(8) **Prior Claims.** The Prior Ranking Secured Claims, the Government Priority Claims, the Pension Priority Claims and the Employee Priority Claims shall have been provided for in accordance with the CCAA Plan.

(9) **Charges.** To the extent not paid or otherwise satisfied on or before the Acquisition Date (i) provision acceptable to the LP Entities for the payment or satisfaction of all amounts secured by charges created by the Initial Order shall have been made, in accordance with the Initial Order, by way of the Administrative Reserve; (ii) provision acceptable to the CCAA Court therefor shall have been made by way of the Administrative Reserve; or (iii) in the case of the directors' and officers' charge, Purchaser shall have assumed the obligation to pay or satisfy such amounts, on terms acceptable to the LP Entities and in accordance with the Initial Order.

(10) **Administrative Reserve.** (i) the Administrative Reserve Order shall have been issued and (ii) shall not have been stayed, vacated, reversed or appealed as of the Acquisition Date and the Administrative Reserve Order shall have become a Final Order and the Administrative Reserve shall have been established in accordance with Section 9.7.

### Section 10.3 Investment Canada Act

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

## ARTICLE 11 – SURVIVAL

### Section 11.1 Survival

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

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

## ARTICLE 12 – COMPLETION

### Section 12.1 Completion

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

### Section 12.2 Designated Purchaser

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

## ARTICLE 13 – TERMINATION

### Section 13.1 Termination Rights

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

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

### Section 13.2 Effect of Termination

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

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

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

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

### **Section 13.3 Forfeiture of Deposit, Liquidated Damages**

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

## **ARTICLE 14 - MISCELLANEOUS**

### **Section 14.1 Planning Act**

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

### **Section 14.2 Further Assurances**

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

### **Section 14.3 Notice**

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

- 65 -

83

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

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

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

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

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

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

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

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

ASSET PURCHASE AGREEMENT

- 66 -

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

**If to Purchaser or Holdco:**

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

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

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

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

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

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

**Section 14.4 Time**

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

**Section 14.5 Governing Law**

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

ASSET PURCHASE AGREEMENT

#### **Section 14.6 Irrevocable Offer**

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

#### **Section 14.7 Entire Agreement**

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

#### **Section 14.8 Amendment**

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

#### **Section 14.9 Waiver**

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

#### **Section 14.10 Severability**

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

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

**Section 14.11 Remedies Cumulative**

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

**Section 14.12 Assignment and Enurement**

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

**Section 14.13 No Third Party Rights**

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

**Section 14.14 Counterparts and Facsimile**

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

*[Next page is signature page]*

SIGNATURE PAGE 1 TO ASSET PURCHASE AGREEMENT

The Parties have executed this Agreement.

7535538 CANADA INC.

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

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

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

CANWEST BOOKS INC.

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

CANWEST (CANADA) INC.

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

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

CANWEST PUBLISHING INC. /  
PUBLICATIONS CANWEST INC.

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

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



SIGNATURE PAGE 1 TO ASSET PURCHASE AGREEMENT

The Parties have executed this Agreement.


7535538 CANADA INC.

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

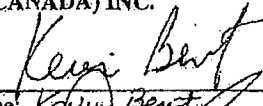
CW ACQUISITION LIMITED  
PARTNERSHIP, by its general partner,  
7536321 CANADA INC.

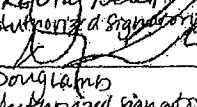
By: \_\_\_\_\_  
Name:  
Title:

CANWEST BOOKS INC.

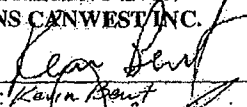
By:   
Name: Doug Lamb  
Title: Authorized signatory

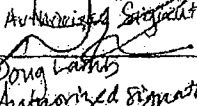
CANWEST (CANADA) INC.

By:   
Name: Kevin Bent  
Title: Authorized signatory

By:   
Name: Doug Lamb  
Title: Authorized signatory

CANWEST PUBLISHING INC. /  
PUBLICATIONS CANWEST INC.

By:   
Name: Kevin Bent  
Title: Authorized signatory

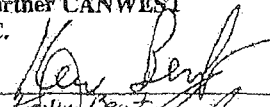
By:   
Name: Doug Lamb  
Title: Authorized signatory

FE.

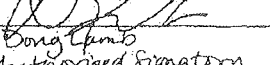
SIGNATURE PAGE 2 TO ASSET PURCHASE AGREEMENT

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

By:

  
Name: Kevin Beut  
Title: Authorized Signatory

By:

  
Name: Doug Lamb  
Title: Authorized Signatory

## SCHEDULE 1.1(29)

## CCAA PLAN

**PLAN OF ARRANGEMENT FOR CANWEST LIMITED PARTNERSHIP,  
CANWEST PUBLISHING INC., CANWEST (CANADA) INC.  
AND CANWEST BOOKS INC.**

The following is an outline of the Plan of Arrangement proposed by Holdco and Purchaser and which must be approved as a condition precedent to the acquisition by Purchaser of the assets of the LP Entities:

1. Pursuant to the terms of the Asset Purchase Agreement, Purchaser will acquire substantially all of the assets of the LP Entities, including the shares and intercompany indebtedness of National Post Inc., but excluding the Excluded Assets as described in the Asset Purchase Agreement. Purchaser will also assume the liabilities set out therein.
2. The Senior Lenders to the LP Entities will be unaffected creditors and will, on closing, receive a cash distribution equal to the full amount owing to them, including accrued interest and reimbursement of costs and expenses to the extent not previously paid by the LP Entities.
3. Purchaser will pay to any unsecured creditors with Proven Claims at the time of closing who have elected or are deemed to have elected to receive a cash payment in an amount equal to the lesser of the amount of their proven claim and \$1,000, provided that any creditor that makes or is deemed to have made such election shall be deemed to vote in favour of the Plan. Any unsecured creditor with proven claims equal to or less than \$1,000 shall be deemed to have elected to receive the aforementioned cash payment in an amount equal to the lesser of the amount of their proven claim and \$1,000.
4. The balance of the consideration will be satisfied by an unsecured demand note or notes of Purchaser in the aggregate principal amount of \$150 million minus the cash amount pursuant to paragraph 3 (the "Purchaser Note"). The Purchaser Note will be issued in favour of the LP Entities.
5. Immediately after receipt of the Purchaser Note, the LP Entities will purchase from Holdco common shares of Holdco in exchange for the Purchaser Note. The price per share will be thirteen dollars and thirty-three cents.
6. No fractional shares of Holdco will be issued. Recipients of shares will have their share entitlements to eliminate any share fractions. On the Final Distribution Date any shares which are held by the Monitor that cannot be distributed pro rata to affected creditors without fractioning the shares shall be sold and the proceeds therefrom shall be added to the Reserve Account.
7. The Monitor will comply with the Administrative Reserve Order.
8. Unsecured creditors with proven claims will be required to certify whether they are Canadian or non-Canadian for the purposes of Section 19 of the Income Tax Act. There

will be two classes of Holdco common shares - Voting Common Shares and Limited Voting Common Shares. The Monitor will advise Holdco as to the number of shares distributable to persons with Proven Claims who have certified they are Canadians and Holdco will issue that number of Voting Common Shares of Holdco. The balance of the shares to be issued by Holdco will be Limited Voting Shares, to be distributed to non-Canadian unsecured creditors with proven claims. The Monitor will as soon as reasonably practicable direct Holdco to, and Holdco shall, issue share certificates evidencing Voting Common Shares and Limited Voting Shares, to each of the Canadian and non-Canadian unsecured creditors as applicable, who has a Proven Claim at the time of closing. The aggregate shares to be so distributed will be proportionate to the Proven Claims relative to the sum of Proven and Outstanding Disputed Claims. Any remaining shares will be held by the Monitor on behalf of the LP Entities pending resolution of Disputed Claims. No later than December 31, 2010, the Monitor will direct Holdco to, and Holdco shall, issue any remaining shares held by it to all unsecured creditors who had Proven Claims as at such date other than those who have received payments of a cash amount pursuant to paragraph 3. For greater certainty, no distributions will be made in respect of Claims which are Intercompany Claims (as defined in the Claims Procedures Order).

9. Holdco will purchase additional units of Purchaser using the Purchaser Note and the Purchaser Note will be cancelled.
10. The Plan will provide for releases in favour of the former directors and officers of the LP Entities, the advisors of the LP Entities, the Monitor and its advisors, the Chief Restructuring Advisor and its advisors and the members of the Special Committee and its advisors.
11. Purchaser will reimburse Holdco and its investors for all costs incurred by them in connection with the transaction and the plan including all financial advisory fees and expenses, legal fees and expenses, and fees and expenses paid to rating agencies.
12. Following completion of the acquisition of the assets of the LP Entities, Holdco will take all reasonable steps to apply for the listing of its common shares on the Toronto Stock Exchange. This will occur after the plan implementation date.

**SCHEDULE 1.1(63)****EXCLUDED LIABILITIES**

- (a) **Excluded Assets.** All Liabilities in any way related to or arising from or out of the Excluded Assets including the Excluded Contracts and Leases;
- (b) **Restructuring Period Claims.** Restructuring Period Claims (as defined in the Claims Procedure Order of the Honourable Justice Pepall dated April 12, 2010);
- (c) **Pre-Filing Liabilities.** All Liabilities incurred by the LP Entities, or arising out of events or circumstances which occurred or existed, prior to the Filing Date, other than Assumed Liabilities expressly assumed under this Agreement provided, for the avoidance of doubt, that all Liabilities in respect of the Real Property Leases, including all Liabilities accrued due on, or accruing due subsequent to, the Acquisition Date, including any such Liabilities that relate to periods prior to the Filing Date, are Assumed Liabilities and are not Excluded Liabilities;
- (d) **Existing Indebtedness.** All Liabilities of the LP Entities in respect of Indebtedness for borrowed money and Guarantees in respect thereof, including:
  - (i) Claims of the Senior Lenders and the Administrative Agent arising under or in connection with the Senior Credit Agreement and the Hedging Agreements;
  - (ii) Claims arising under or in connection with the Senior Subordinated Credit Agreement between CanWest MediaWorks Limited Partnership, the Guarantors, Citigroup Global Markets Inc. and Scotia Capital, The Bank of Nova Scotia, and the Lenders, dated July 10, 2007;
  - (iii) Claims arising under or in connection with the Indenture between CanWest MediaWorks Limited Partnership, the Guarantors, The Bank of New York, and BNY Trust Company of Canada, dated July 13, 2007;
  - (iv) Claims arising under or in connection with the DIP Credit Agreement;
  - (v) Claims arising under the LP Support Agreement between Canwest Limited Partnership, Canwest (Canada) Inc., Canwest Publishing Inc., Canwest Books Inc. and The Bank of Nova Scotia, dated January 8, 2010 in its capacity as administrative agent on behalf of the lenders;
- (e) **Prior Ranking Secured Claims.** Prior Ranking Secured Claims, other than Prior Ranking Secured Claims in respect of lessors under Personal Property Leases or Permitted Encumbrances.
- (f) **Administrative Reserve Costs.**
- (g) **Charges.** Any Charges as defined in the Initial Order.
- (h) **Taxes.** All Liabilities for Taxes payable or remittable by the LP Entities, including all Liabilities for Taxes payable or remittable the LP Entities as a result of the transactions

ASSET PURCHASE AGREEMENT

contemplated in this Agreement, other than transfer Taxes payable by Purchaser pursuant to Article 6;

- (i) **Certain Employee-Related Liabilities.**
- (i) all Liabilities of any kind, howsoever arising, in respect of any Employees or former employees other than the Transferred Employees (other than in connection with: the LP Pension Plans, as required by any collective agreement or the Purchaser Assumed Benefit Plans);
  - (ii) all Liabilities in respect of any Employee or former employee of the LP Entities in respect of any funded or unfunded retirement arrangements supplemental to an LP Pension Plan whether or not registered or unregistered, including the SERA, the RCA and any similar plans;
  - (iii) all Liabilities in respect of stock options and other equity-based plans or similar plans and any option grants or awards or similar entitlements;
  - (iv) all Liabilities in respect of any agreements or arrangements which provide any payments or benefits in connection with a change of control of an LP Entity or the Business or in connection with the transactions contemplated in this Agreement;
- (j) **Material Contracts.** All Liabilities of the LP Entities accruing in respect of or under any Material Contract that is not listed or identified on Schedule 7.5(4), or in respect of or under any Material Contract that is marked with an asterisk on Schedule 7.5(4);
- (k) **Litigation.** All Liabilities in respect of any litigation proceedings, lawsuits, court proceedings or proceedings before any Governmental Authority against any of the LP Entities and their predecessors in respect of any matters, events or facts occurring prior to the Acquisition Time, other than the Insured Litigation Deductibles and the obligation to defend and/or settle all claims in connection therewith pursuant to Section 9.15. For certainty, the following two class action lawsuits involving freelance writers are Excluded Liabilities:
- (i) A class action commenced in 2003 by Heather Robertson et al. against The Gale Group, Inc., Proquest Information and Learning Company, CEDROM – SNI INC., TORSTAR Corporation, Rogers Media Inc. and CanWest Publications Inc.
  - (ii) A class action commenced in 2004 by the Electronic Rights Defence Committee against Southam Inc., Cedrom-SNI Inc., Infomart Dialog Limited, Southam Business Communications Inc., Montreal Gazette Group Inc./Groupe Montreal Gazette Inc., Hollinger Canadian Publishing Holdings Inc. and Canwest Interactive Inc.
- (l) **Encumbrances.** All Encumbrances on any assets or property of any of the LP Entities other than Permitted Encumbrances;
- (m) **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

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;

- (ii) **LP Entities Liabilities.** All Liabilities owing by an LP Entity to another LP Entity, or by an LP Entity to any of the CMI Entities, except in respect of obligations owing by an LP Entity to the CMI Entities under the Shared Services Agreement, the other agreements described therein or the Omnibus Transition and Reorganization Agreement; and
- (o) **Other.** Such other Liabilities as may be mutually agreed between the Purchaser and the LP Entities prior to the Acquisition Time.

**SCHEDULE 1.1(79)  
INSURED LITIGATION  
CURRENCY DATE MAY [5], 2010**

**Claims**

<b>ACTIVE</b>					
Q2 2010	Weaver, Dr. Andrew	Foster, Peter; Fisher, Gordon; Corcoran, Terence; Libin, Kevin; National Post Inc. dba The National Post; Doe, John; Doe, Jane; Yoe, Sally; Poe, Richard	Plaintiff claims libel and malicious falsehoods stemming from articles published December 10, 2009 and January 27, 2010 in the National Post.	General damages, aggregate damages, exemplary damages, special damages, permanent injunction, Order to remove defamatory expression from all electronic databases, Order to withdraw any consent of third-party publication, Order to assign copyright of defamatory materials and expressions to Plaintiff, injunction to publish full and unequivocal apology and retraction, injunction for The National Post to publish the outcome of the Court action, interest, costs & other such further relief. No monetary amount stated.	YES: Hiscox Ref: 1222005399
Q2 2010	Berzins, Ilze	Ottawa Citizen, Adams, Hugh	Small Claims - Plaintiff is claiming defamation from an article published in the Citizen on August 3, 2009	\$5000.00 plus costs and interest	YES: Hiscox #1222005359
Q2 2010	Anzano Paving & General Construction Ltd.	Canwest Global Communications Corp.; CW Media Inc.; Canwest Media Inc.; Canwest Publishing Inc.; Hersh, Bobby; Global Television Network	Plaintiff claims defamation arising from a November 17, 2009 broadcast segment of "Consumer SOS" which was also posted to the globaltv.com website.	Injunction preventing further broadcast or publishing reports defaming Anzano; \$250,000 general damages; special damages; \$50,000 aggravated damages; \$100,000 Punitive damages; pre-and post-trial costs and interest, other such further relief	YES: Hiscox Ref#1222005314
Q2 2010	O'Brien, Gail	Canwest Publishing Inc., Calgary Rush Hour, Sun Media Corporation, Calgary 24 Hours, Metro International Ltd., Metro Calgary, Doe, John, Doe, Jane.	Plaintiff alleges she became entangled in binding left on the streets in June 2007 that caused her to fall to the ground and cause injury.	\$20,350.00 in damages	YES:(CGL Claim)
Q1 2010	Graham, Dr. Kenneth	Saskatoon StarPhoenix; Purdy, Chris; Nickel, Rod; Gibb, Steven; Hutchinson, Cameron; Brin, Dale; Canwest Publishing Inc.	Plaintiff claims defamation arising from a series of articles first published in the StarPhoenix in November and December 2007. Plaintiff claims articles continue to be defamatory as they are housed on the internet.	\$2,000,000 general damages, special damages, \$1,000,000 aggravated damages, \$1,000,000 punitive damages, plus costs, along with a permanent injunction prohibiting republication of the articles, full and complete retraction in the StarPhoenix.	Yes: Hiscox Ref#: 122005273



- 2 -

Q1 2010	Warran, Richard	Cowichan Valley Citizen, Skolos, Shirley, Rondeau, Andrea, Global TV Calgary, Global TV Lethbridge, Canwest Interactive, Canwest Digital Media, Canwest Limited Partnership, Canwest Publishing Inc., CanWest MediaWorks Inc., CanWest MediaWorks Publications Inc., Canwest Global Communications Corp., and Morrow, Walker	Plaintiff complains of an article by Walker Morrow published in the Cowichan Valley Citizen on 9 October 2009, republished online at canada.com and globaltvcalgary.com and globaltvlethbridge.com	against each Defendant: Immediate removal of article, retraction and removal of copies from website, published apology to be approved by Plaintiff; \$75,000 general damages; \$25,000 punitive and aggravated damages; other such further costs and relief (Global TV and Canwest Publishing Defendants are considered as one group)	YES Hiscox Ref# 122005186
Q1 2010	Shrosbree, Derryn	Karen Mazurkewich, Sun Media Corporation, c.o.b. The Financial Post	Plaintiff was employed by CIBC in Toronto, and called by reporter to speak about his employment with CIBC and previous employment as a derivatives trader with BNP Paribas for article entitled "Hard Time Hit Bay Street".	Damages of \$50,000 from each Defendant for negligent misrepresentation; Pre and post judgment interest; costs	YES: Hiscox Ref 122005094
Q1 2010	Khamphoune, Khomphet	Canwest Publishing Inc., Leaa Sin	Plaintiff police officer was suspended from the force in February 2007 pending investigation of alleged child-pornography offences. The story was confirmed, and also revealed a prior 2004 investigation. Plaintiff claims story and follow up stories were defamatory. First story appeared in the Vancouver Province but also carried by Vancouver Sun and Richmond News.	Unspecified damages, plus pre- and post-judgment interest and costs	YES: ACE/INA #C6010271982 (for June 9, 2007 and February 7, 2009 articles only).  Online article coverage TBA
Q3 2009	Chiara, Vincent, Lemay, Louis T., 9167-5207 Quebec Inc., Carma Trust, Placements G&L Levay Inc.	The Gazette, a division of Canwest Publishing Inc., Phillips, Andre, Gyulai, Linda with 9169-6120 Quebec Inc. as mise-en-cause	Plaintiffs claim libel and defamation regarding an article published in the Gazette on December 20, 2008. Plaintiffs claim the article gave a misleading and defamatory account of a transaction between the Plaintiffs and the City of Montreal.	\$2,300,000 in moral, exemplary and pecuniary damages plus retraction and published apology	YES: Hiscox Ref 122004712
Q1 2009	McMurchie, Bill	Clement, Eric; La Presse Limitee; Parent, Tim; Schnormacher, Tommy, Gay, Egbert; Sheriff, Murray; Astral Media Inc.; Kilpatrick, Julia, and Canwest Publishing Inc.	Plaintiff is the Mayor of Pointe-Claire, QC. On July 17, 2008, the Gazette published an article by Kilpatrick concerning expenses claimed for reimbursement by several local officials, including Plaintiff. Plaintiff alleges that statements and implications are false and defamatory, claiming that Kilpatrick fabricated her story.	\$200,000 moral damages, \$50,000 troubles and inconveniences, \$50,000 punitive and exemplary damages	YES (Hiscox): Reference No. 122004180

- 3 -

Q4 2008	Bilagot, Samuel	Calgary Herald, a division of Canwest Publishing Inc.	Plaintiff claims that his face was shown in a photograph published in the Herald on December 21, 2007 in relation to a "wanted" photo of a man accused of sexual assault.	\$5,000,000 in damages, legal costs + interest and other fees	YES; Hiscox Ref. No. 122004090
Q4 2008	Wilson, Charles Blair and Wilson, Kelly Janine	Canwest Publishing Inc. Publications Canwest Inc., O'Connor, Elaine, Wilson, Judeline Tyabji, Tugboat Enterprises Ltd., Marissen, Mark Allan, Janke, Steven.	Plaintiff is a former Liberal MP running as a Green Party Candidate named in a debt claim by Plaintiff's wife's parents. Plaintiff is using a BC procedure whereby a claim may be made over third parties in its Statement of Defense. Plaintiff claims defamation by Canwest for articles published in The Province on October 28, 2007, October 29, 2007, and July 26, 2008 detailing the nature of Plaintiff's failed business dealings and unpaid debts.	General and specific damages, exemplary and punitive damages, costs and interest, other such further relief (amounts not stated)	YES; Hiscox Reference No. 122004170
Q3 2008	Lawson, the Hon. Edward M.	Vancouver Sun, Canwest Publishing Inc., Patricia Graham, David Baines, Hugh Dawson	On March 12, 2008, canada.com and the Vancouver Sun published an article by Baines regarding Arctic Oil & Gas. Plaintiff claims the article alleges him to be "corrupt, dishonest and lacking in integrity". Plaintiff is a director of Arctic Oil and Gas.	No dollar amount specified; Written apology	Yes - Hiscox Ref. 122003693
Q3 2008	Kent, Arthur	CanWest MediaWorks Inc., Canwest Publishing Inc., The National Post Company, National Post Holdings Ltd., Martin, Don	Notice concerns an article written by Don Martin first published in the Calgary Herald on February 13, 2008 and reprinted on canada.com and in the National Post. Plaintiff claims article portrays him as being untrustworthy, arrogant, and high-handed.	Damages - \$100,000 plus Costs.	Yes - Hiscox Ref. #122003825
Q3 2008	Sankoff, Matthew	Canwest Global Communications Corp., Canwest Publishing Inc. o/a canada.com, and CanWest MediaWorks Inc. o/a Global Ontario and Global TV	Sankoff along with 30 other people were named in a statement from OPP Chief Julian Fantino regarding persons arrested for using the internet re: child pornography and child abuse. Plaintiff's counsel alleges that Sankoff's name was inadvertently mentioned as one who was charged. The OPP published a correction stating same; Canwest was unaware of the correction until the Plaintiff brought it to our attention on March 20, 2008, after which date it was immediately removed. Plaintiff is complaining of the length of time it took Canwest to make this correction.	damages against Defendant - \$5,000,000; aggravated, punitive, and exemplary damages - \$5,000,000; special damages of \$100,000; pre- and post-judgment costs and interest, other further relief	YES - Hiscox Ref. 122003782
Q3 2008	Goulet, Alain	The Gazette, Publications Canwest Inc., Alan Hústak and Rene Bruzener	The claim concerns a photograph of the Plaintiff published on January 25, 2008. The photo shows the Plaintiff, a prison guard,	\$40,000 General Damages	YES - Hiscox Ref. 122003749

- 4 -

			standing at the main entrance of Bordeaux Jail. It accompanies a story entitled "Neighbours blow the whistle on Bordeaux Jail expansion" The Plaintiff complains that his image was used without his consent.		
Q2 2008	Grewal, Gurmant	CanWest MediaWorks Publications Inc./Publications CanWest MediaWorks Inc., and Kurland, Richard	Plaintiff was the subject of allegations whereby he used "guarantees" in order to secure visas to bring family members to Canada. The article, published in the Province on March 31, 2005, was written by a local immigration lawyer regarding his point of view on the Grewal matter.	General Damages; Punitive Damages; other further relief (amounts not stated)	YES: ACE/TNA Reference No. C6010258370
Q1 2008	Marois, Pauline and Blanchet, Claude	Publications CanWest MediaWorks Inc. (Montreal Gazette), William Marsden	Marois, the leader of the Parti Quebecois, and Blanchet, a prominent Quebec businessman, claim to be defamed by a series of articles written by Marsden from September 22 - 28, 2007 regarding a change in zoning obtained by the Plaintiffs which allowed them to build their house on government land. They complain that the articles allege that Blanchet committed a criminal offence in paying a 3rd party for a false affidavit.	Each Plaintiff is claiming \$400,000 each in moral damages and \$600,000 in punitive damages for a total of \$2,000,000	YES: ACE Claim No. C6010254127
Q1 2008	Vieter, Jeffrey Philip	National Post, CanWest MediaWorks Publications Inc., Kari, Shannon, Kelly, Douglas, Maurice, Stephen, Harris, Jonathan, and Racoval, John.	Plaintiff is a 4th year law student who worked on the R. v. Wills case, where it is alleged that he billed over \$40,000 of services to the Attorney General's office. Plaintiff claims that he has never billed the Attorney General, and claims that the report published in the National Post and canada.com defames him with its allegations.	cease and desist of publication of article in print and on websites; General Damages - \$1,400,000; Legal Damages - \$15,000 to the LSUC; Aggravated Damages - \$500,000; Punitive damages - \$1,000,000; pre- and post-judgment costs and interest.	YES: Hiscox Reference No. 122003440

- 5 -

Q3 2007	World Sikh Organization of Canada	CanWest MediaWorks Publications Inc., The Ottawa Citizen, a division of CanWest MediaWorks Publications Inc., The Windsor Star, a division of CanWest MediaWorks Publications Inc.	Plaintiff complains of an article written by Kim Bolan that appeared in the February 20, 2007 front page of the Vancouver Sun, the Calgary Herald, the main section of the Ottawa Citizen, the Victoria Times Colonist, the Canadian section of the Windsor Star, which article was further clarified in the March 3, 2007 edition of each publication, which allegedly infers that the World Sikh Organization has "terrorist links", and is similar in character to the Sikh Youth Federation (a group that has been directly linked to acts of violence and terrorism). Objection is made to the clarification of March 3, 2007 since Plaintiff alleges that the clarification still alludes to the WSO as having terrorist affiliations, albeit different from the Sikh Youth Federation.	\$2,000,000 general damages; \$1,000,000 punitive damages; \$500,000 special damages; \$1,000,000 exemplary and aggravated damages; plus pre-judgment and post-judgment interest; costs; any other relief as the Court deems just	YES: (ACE/INA) Claim No. C6010249887
Q3 2007	1656786 Ontario Inc. and Mirkalami, Jim (aka Heritage Auctioneers)	Publications CanWest MediaWorks Inc., Groupe Montreal Gazette Inc., Ottawa Citizen Group Inc., and Lamey, Mary	Plaintiff complains of an article published on February 27, 2007 in the Ottawa Citizen and the Montreal Gazette. The article alleges that two auction houses - including Plaintiff - employ ad and sales tactics that are designed to entice consumers to bid on items believing them to be of better quality and/or more in demand than is actually the case. There are also allegations that these tactics have put them at odds with regulators and resulted in consumer complaints as well as sanctions and/or fines. The Plaintiffs claim that the article leaves the impression that they engage in misleading and disreputable business practices.	\$500,000 in damages; full retraction and published apology	YES: (ACE/INA) Claim No. C6010249880

- 6 -

Q2 2007	Vinasithamby, Jeyandra	The National Post Company and Xtreme Landscaping	Plaintiff filed a complaint letter one month (April 2007) after the alleged incident took place. Any video footage available was erased long after the complaint letter was received. As Plaintiff initially complained of slipping on ice, Defendants contacted our snow removal company, Xtreme Landscaping, to obtain copies of logs for any clearance of the lot that may have taken place on March 5, 2007. Almost two years later, Plaintiff filed a claim in Ontario Superior Court on March 2, 2009, which also added that there was oil on the ground on the dock which may have caused the fall.	General Damages \$300,000.00; Special Damages \$700,000.00; pre- and post-judgement interest, costs, and other such further relief.	YES (on GGL Policy): American Home/AJG Claim No. 100441
Q2 2007	Split Pourhouse and Grill Inc.	CanWest MediaWorks Publications Inc.	Plaintiff is a pub and restaurant and claims that it was defamed as a result of a list of food safety violators provided by the Calgary Health Region and containing the Plaintiff being republished by the Calgary Herald on October 10, 2006. Plaintiff claims that it was not yet open for business at the time the violations took place and could therefore not have been included on the list.	\$1,082,479 in special damages, \$100,000 in punitive or aggravated damages and costs	YES: (ACE/INA) Claim No. C6010245940
Q2 2007	Hansen, Joey	Clive Jackson, Ian Haysom, Marisa Taylor Thomas, CanWest MediaWorks Inc., CanWest MediaWorks Publications Inc. and Jessica Gojevic	Plaintiff alleges damages caused by a story reported on Global BC's series of news reports and posted to the canada.com website regarding allegations of financial mismanagement at the Douglas College's Student Union. Information in the broadcasts came directly from a forensic audit report. Plaintiff was the individual in charge of the Student Union's finances.	general damages; special damages; aggravated damages; exemplary damages; interlocutory and permanent injunction for any further publication; costs, interest; however no amount specified	YES: (ACE/INA) Claim No. C60102459883
Q1 2007	Rizzuto, Bettina and Rizzuto, Leonardo	CanWest MediaWorks Inc., National Post, The Gazette, Allison Hanes, John Wiley & Sons Canada Ltd., Lee Lamothe, Adrian Humphreys	Plaintiffs, who are brother and sister and practicing lawyers in Montreal, claim that they were defamed by articles in the National Post on August 3, 2006 and in the Montreal Gazette the following day. The article described a book which apparently linked the Plaintiffs to a family member alleged to be involved in an organized crime syndicate.	\$950,000 damages plus interest and costs	YES (ACE/INA): Claims No. 6010245919

- 7 -

Q1 2007	Hoggan, James	The National Post Company, Corcoran, Terrence	On November 28, 2006, the newspaper received a complaint from James Hoggan about certain columns by Terrence Corcoran. We were notified of the complaint that same day.	General Damages; Aggravated Damages; Exemplary Damages; Special Damages; accounting for profit for infringement of copyright and moral rights; injunction against Defendants from further publishing the article; an Order requiring the removal of the article	YES (ACE/TNA): Claim No. C6010259652
Q4 2006	Afwal, Jaspal Singh	CanWest MediaWorks Publications Inc. Publications CanWest MediaWorks Inc., Dennis Skulsky, Kim Bolan and Gurnant Grewal	The Plaintiff is a Sikh extremist with a lengthy criminal record, including a conviction for the attempted murder of a visiting politician from India. The Plaintiff claims defamation as a result of articles published in the Vancouver Sun between July 25, 2006 and August 2, 2006 which describe his attempt to obtain a visa to India through the assistance of Canadian politicians.	unspecified damages, interest and costs	YES: (ACE/TNA) Claim No. 601243380
Q4 2006	Di Bona, José A. Martínez and Anobid Construction Corp.	Lisa Anne Charrier and Publications CanWest MediaWorks Inc. and Corporation Sun-Media	Plaintiff, on behalf of himself and his construction company, claim defamation and invasion of privacy as a result of an article that was published in The Gazette on May 27, 2006 and which describes a bitter real estate dispute between the Plaintiff and his ex-girlfriend.	\$300,000 in punitive damages; \$100,000 in exemplary damages plus interest and costs	YES: (ACE/TNA) Claim No. 601243652
Fiscal 2006	Wood, Robert	Michael Barsky, Toronto Police Services Board, Nicholas Kohler, Les Pyette and National Post Company, A CanWest Publication	The plaintiff claims that he was defamed by a June 16, 2005 article published in The National Post. The article reported that Mr. Wood and a cohort were charged with fraud by the Toronto police for administering "psychic-healing" to ill patients.	The plaintiff is seeking \$3,000,000 in damages as well as interest and costs.	YES:(ACE/TNA) Claim No. 601238055
Fiscal 2005	Manno, Dina; Manno, Roman; L'Heureux, Germaine; Manno, Salvatore; Manno, Marina and Manno, Maria Rosa	Henry, Ken; Collins, Rick; Doe, John; Doe, Jane; Lower Mainland Publishing Group Inc. and CanWest Interactive Inc.	The Plaintiffs are all members of the same family and claim they were libeled by a story with a photo of certain family members published on October 29, 2004 in The Abbotsford Mission Times that implicated them in a story about marijuana grow operations.	No dollar amount specified	YES: (ACE/TNA) Claim No. 601234007

- 8 -

Fiscal 2002	Vellacott, Maurice	Saskatoon Star Phoenix Group Inc., Darren Bernhardt and James Parker	The Plaintiff, an MP claims he was defamed in newspaper reports published March 4/02 & March 5/02 relating to the no-charge mailing system available to MPs. He used the system for mailing items relating to the race for leadership of his political party, as opposed to government business. People were quoted, giving their opinions critical of the Plaintiff.	\$75,000 and costs plus an apology.	YES (SAFECO); Claim No. 61D022611335
<b>DORMANT</b>					
Fiscal 2006	Enisley, Doug; Silcox, Earl; Tyuning, Ansgar; Bentley, Alf and Agnew, Lyne	CanWest MediaWorks Publications Inc. and Mandryk, Murray	The complaint concerns articles published in the Regina Leader Post and the Saskatoon StarPhoenix on February 3, 2006. The Plaintiffs, who are trustees of a political party trust, allege that the articles assert that the Plaintiffs were advancing their own political interests over that of the trust and its beneficiaries.	\$250K Damages; Interest & Costs	YES: (ACE/INA) Claim No. 601241762
Fiscal 2005	Vander Zalm, William	Malcolm Parry, Pacific Newspaper Group Inc., and the Vancouver Sun	The Plaintiff, a former Premier of British Columbia, is alleging he was defamed by remarks made by Mr. Parry in his column Town Talk, which was published in the Vancouver Sun on December 10, 2002. The article allegedly indicated that the Plaintiff illegally received a personal benefit as Premier of the Province of British Columbia from billionaire Li Ka-shing.		YES: (ACE/INA) Claim No. 601230739
Fiscal 2005	Christian Churches of God, World Conference and Christian Churches of God, Canada	National Post, Robert Attala, Matthew Fraser, Jonathan Kay	The plaintiffs claim they were defamed by a July 12, 2004 editorial in the National Post entitled "Bad Moon on the Rise".	\$100,000.00 General & Specific Damages; Costs & Interest	YES:(ACE/INA)
Fiscal 2005	Berkshire Investment Group Inc.	Victoria Times Colonist Group Inc., Pacific Newspaper Group Inc., CanWest Interactive Inc., Charles Edward Hanuman, Andrew A. Duffy, Lucinda Choden, Robert MacKenzie, Patricia Graham, Dennis Skulsky, John Doe, Jane Doe, Richard Roe and Jane Roe	The Plaintiff alleges defamation from a series of reports including an article published in the Victoria Times Colonist on July 27, 2005 and an article in the Vancouver Sun the following day. The reports indicated that Berkshire Investment Group was the subject of a RCMP investigation following complaints of unlawful business practices by one of its employees.		YES: (ACE/INA) Claim No. 601236788

TOR\_P2Z:4530068.7

ASSET PURCHASE AGREEMENT

102  
268

- 9 -

Fiscal 2005	Dempsey, John R.	Steve Berry, The Province and CanWest Global Communications et al	The Plaintiff claims that he was defamed by an article published in The Province on October 29, 2004 quoting a woman who he represented in a class action lawsuit saying that she had discovered the Plaintiff was "not a lawyer". The Plaintiff was quoted saying that he had a law degree from the Philippines but he was not licensed as a member of the BC law society, and that he accepts money from clients.		YES Claim No. TBA
Fiscal 2004	Commonwealth Marketing Group Ltd. et al.	Saskatoon Star Phoenix group Inc., Lana Haight and Shannon Boklaschuk	Plaintiffs claim to have been defamed in an article published in The StarPhoenix on December 26, 2003. The article reports an investigation, by the Manitoba Securities Commission ("MSC"), of plaintiff Smith. It reports that Smith and the other Plaintiffs are named in an investor alert issued by the MSC. It reports that Smith (a former Judge and more recently a former lawyer) was effectively disbarred for his dealings with the leader of a stolen-goods and drug trafficking ring.	General damages of \$100,000 and exemplary damages of \$5,000,000	YES (ACE): Claim No. 601228172
Fiscal 2003	Schickedanz, Bruno G.	The Expositor, Brantford Expositor Group Inc. et al	The Expositor published an article on July 18, 2001 which reports on the Ontario Racing Commission's decision to sanction the Plaintiff, as a thoroughbred race horse owner due to his connections with a fraud perpetrated upon CMHC by one of his companies, B.G. Schickedanze Homes Inc., for which it was convicted.		YES - TBA
Fiscal 2003	Smolensky, Arthur and Global Securities Corporation	Derrick Peemer and Southam Inc.	The Plaintiffs filed a Writ of Summons and Statement of Claim arising from an article published in the Vancouver Sun with relation to 5 individuals who allegedly engaged in racketeering and securities fraud. The article referred to a local connection to the proceedings, namely indicating that 2 of the accused traded through the Plaintiff, Global Securities. One edition of the article included a photo of the Plaintiff, Smolensky. Following a complaint by the Plaintiffs stating that the photo implied that the Vancouver brokers, rather than their clients, had engaged in illegal trading the Vancouver Sun published a clarification on May 29, 2002. There were no further communications with the Plaintiffs or their counsel until the Writ of Summons and Statement of Claim were served.		YES: Claim No. Unknown



- 10 -

Fiscal 2003	Alphonse, Chief Harvey et al	CanWest Publications Inc. dba The Cowichan Valley Citizen Newspaper	The Plaintiff's claim pertains to the alleged defamatory content of articles in The Cowichan Valley Citizen which reported on a number of allegedly unlawful and inappropriate acts of the Chief and the tribal council, particularly with reference to various financial and governing issues. The articles were published from June 13, 2001 to April 9, 2003.		YES
Fiscal 2002	Cooke, Terry and Foxcroft, Ron	Brabant Newspapers, Southern Publications Inc. et al	The Plaintiffs served their Statement of Claim upon the Defendants on September 11, 2002, alleging that a letter to the editor written by Raymond Dartsch and appearing on June 19, 2002 in the Hamilton Mountain News was defamatory.		YES (SAFECCO) Claim-No. 61B022411920
Fiscal 2002	Davidson, Bruce	Brabant Newspapers, Richard Leitner and Calvin Bosveld	The Ancaster News published an article on August 8, 2001 reporting on statements made by a former Ancaster councillor, Murray Ferguson regarding the costs expended in relation to a wrongful dismissal suit that was commenced by the Plaintiff as the former Ancaster Chief Administrative Officer.		YES (SAFECCO)
Fiscal 2002	Eleveld, Charles	The Ancaster News et al	The Plaintiff commenced an action against The Ancaster News, Brabant Newspapers, Stoney Creek News et al arising out two articles printed in the Stoney Creek News on May 22, 2002. The Plaintiff equally complains about an article published in The Hamilton Spectator on April 9, 2002. The Plaintiff is alleging that the above articles, collectively report on the activities of members of the Community Liaison Committee which monitors the Taro Landfill site and alleging that members of the CLC acted without authority and that the CLC has become a "barrier" to communication and is "dysfunctional" and "hostile".		YES (SAFECCO)
Fiscal 2002	Ferguson, Catherine Anne	Vancouver Province et al	On or about August 10, 2001, the Vancouver Province published an article concerning the Plaintiff and her occupation as the President of the BCNU (major labour union in B.C.), business, profession and/or office and in relation to her conduct therein, in such a way that the Plaintiff felt it was defamatory.		YES - TBA

Fiscal 1999	McCormack, William	The National Post Company and Mathias, Philip	Plaintiff, the former Chief of Police of Toronto, complains of an article published in the National Post on January 28, 1999 reporting that Plaintiff had received the benefit of a loan guarantee that was not disclosed under the conflict of interest guidelines.	No financial amount stated	YES: Employers Reinsurance Company Policy No. MM-11642
-------------	--------------------	---	--	----------------------------	--

- 12 -

Notices

ACTIVE							
Q3 2010	Kwok, Dr. Daniel	RW Thompson Bennett Jones LLP 4500 Bankers Hall East, 855 - 2nd Street SW Calgary, AB, T2P 4K7 tel: 403-298-3384 fax: 403-265-7219 email: thompson@bennettjones.com	Canwest Publishing Inc., National Post Inc.	TBA	Plaintiff claims defamation arising from a series of articles published in March 2010 in various Canwest newspapers, including the National Post.	Full retraction of each article, public apology to Dr. Kwok; no monetary amount stated.	TBA
Q3 2010	Giermand, Patrick	Edward A. Pundyk Lang Michener LLP 50 O'Connor Street, Suite 300 Ottawa, ON K1P 6L2 tel: 613-232-7171 fax: 613-231-3191 epundyk@langmichener.ca	Global Edmonton, Canwest Global Communications Corp., Canwest News Service, Akin, David	Global Edmonton, Canwest Global Communications Corp., Canwest News Service, Akin, David	Plaintiff claims defamation arising from an article published April 23, 2010 on the Global Edmonton website	Full and fair retraction of article as provided with letter.	TBA
Q3 2010	Popkum Indian Band, Chief James Murphy, Jensen, Ken	Roger McConchie McConchie Law Corporation Suite 290 - 889 Harbourside Drive North Vancouver, BC V7P 3S1 tel: 604-988-1622 fax: 604-988-1610 mconchie@libelandprivacy.com	Chilliwack Times, Naylor, Cornelia	Robert Anderson, Q.C., Farris, Vaughan, Wills & Murphy LLP, P.O. Box 10026, Pacific Centre South, 25th Floor, 700 W Georgia St., Vancouver BC, V7Y 1B3, 604-661-9313 randerson@farris.com	Plaintiff claims Defamation stemming from an article published March 12, 2010 in the print and online editions.	Full and unequivocal retraction and apology; format to be approved by Plaintiffs counsel; Article to be pulled from internet; written confirmation that article will not be republished.	TBA Hiscox #122005514
Q2 2010	Morrison, Van.	Deborah Sykes www.websheriff.com 2 Queen Caroline Street London W6 9DX United Kingdom Tel 44-(0)208-323 8013 Fax 44-(0)208-323 8080	www.nationalpost.com	Doug Richardson, O'Donnell, Robertson & Sanfilippo, 1 Queen St. E., 8th Floor, P.O. Box 99, Toronto ON, M5C 2W5, 416-216-0256 d Richardson@orslaw.com	Plaintiff claims DEFAMATION (LIBEL & MALICIOUS FALSEHOOD - FALSE ACCUSATIONS OF PATERNITY) resulting from a December 29, 2009 story.	Removal of "infringing activity" ASAP.	Yes (if claim, and if story was not provided by a wire service): Hiscox #122005376

TOR\_P2Z:4530068:7

ASSET PURCHASE AGREEMENT

100  
272

- 13 -

Q2 2010	Wrzesniewski, Boris	Brian Gover Stockwoods LLP Suite 2512, The Sun Life Tower 150 King Street West Toronto, ON, M5H 1J9 BrianG@stockwoods.ca tel: (416) 593-2489 fax: (416) 593-9345	National Post Inc., Levant, Ezra	Doug Richardson, O'Donnell, Robertson & Sanfilippo, 1 Queen St. E., 8th Floor, P.O. Box 99, Toronto ON M5C 2W5, 416-216-0256 d Richardson@orslaw.com	Plaintiff claims defamation arising from an article written by Ezra Levant published on December 15, 2009 in the National Post.	Removal of article from the National Post website; formal apology to be printed in prominence (wording provided). Demanding aggravated and punitive damages for non-removal.	YES (if claim): Hiscox #122005377
Q2 2010	Bruce, Doug	Jay Straith Straith Law Corporation 6438 Bay Street West Vancouver, BC V7W 1G9	Weldon, James; North Shore News	David F. Sutherland David F. Sutherland & Associates 2000 Ontario Street Vancouver, BC V5T 2W7	Plaintiff has filed a Statement of Claim against Kash Heed and Elizabeth Goldsmith-Jones (rep. by Dan Burnett) and cites an article published on November 5, 2008 in his Statement of Claim.	TBA	TBA Hiscox Ref# 122005279
Q1 2010	Non-Smokers' Rights Association	Peter A. Downard Fasken Martineau 66 Wellington Street West, Suite 4200 Toronto Dominion Tower Toronto, ON, M5K 1N6 tel: 416-366-8381 fax: 416-364-7813	The National Post Company, Fisher, Gord, Kelly, Doug	Doug Richardson, O'Donnell, Robertson & Sanfilippo, 1 Queen St. E., 8th Floor, P.O. Box 99, Toronto ON M5C 2W5, 416-216-0256 d Richardson@orslaw.com	Plaintiff complains of an editorial published in the National Post on October 27, 2009.		Yes (if claim): Hiscox Ref#122005223
Q1 2010	Bond, Doug	David S. Mulrone Mulrone & Company 301 - 852 Fort Street Victoria, BC V8W 1H8 tel: (250) 389-6022 Fax: (250) 389-6033 david@mulroneco.com	Victoria Times Colonist, "Rob D" Doe, "John" Doe, "Cory" Doe	Donald FarquharPearfman Lindholm 1-250-388-4433201-19 Dallas Road Victoria, BC, V8V 5A6	Plaintiff complains of defamatory comments posted to a story published Feb. 18, 2009 on the Times-Colonist website.	Removal of comments; retrieval of personally- identifiable information for comment posters.	Yes (if claim): Hiscox Ref#122005200

- 14 -

Q4 2009	Luxemburg, Sheryl	James Katz Brazeau Seller LLP 55 Metcalfe Street, Suite 750 Ottawa, ON Canada K1P 6L5 Tel: (613) 237-4000 Fax: (613) 237-4001 jkatz@brazeauseller.com	canada.com	Doug Richardson, O'Donnell, Robertson & Sanfilippo, 1 Queen St. E., 8th Floor, P.O. Box 99, Toronto ON, M5C 2W5, 416-216-0256 drichardson@orslaw.com	Defamation (Notice)	Removal of all statements within (7) days of receipt of notice, and no further publication of defamatory statements be posted.	Yes, if claim (Hiscox #TBA)
Q4 2009	National Photo Group, LLC	Jill Jarvis-Tonus & Agatha Booke Bereskin & Parr LLP Scotia Plaza, 40 King St. W., 40th Floor Toronto, ON M5H 3Y2 tel: 416-957-1618	The National Post Company	Doug Richardson, O'Donnell, Robertson & Sanfilippo, 1 Queen St. E., 8th Floor, P.O. Box 99, Toronto ON M5C 2W5, 416-216-0256 drichardson@orslaw.com	Copyright Infringement (Notice)	Plaintiff demands \$30,000 CDN plus undertaking in writing to never publish the photo again or any other photo owned by copyright holder.	YES, if claim. (Hiscox #122005167)
Q4 2009	Kinsella, Warren	Brian Shiller	Chris Seiley, The National Post Company (McParland)	Doug Richardson, O'Donnell, Robertson & Sanfilippo, 1 Queen St. E., 8th Floor, P.O. Box 99, Toronto ON M5C 2W5, 416-216-0256 drichardson@orslaw.com	Defamation (Notice): Removal of reference to Plaintiff in editorial article.		Yes, if claim (Hiscox #TBD)
Q2 2009	Kinsella, Warren	Shillers LLP Brian Shiller 445 King Street West, Suite 202 Toronto, ON M5V 1K4 t: 416-363-1112 f: 416-363-5557	The National Post Company, Kay, Jonathan	Doug Richardson, O'Donnell, Robertson & Sanfilippo, 1 Queen St. E., 8th Floor, P.O. Box 99, Toronto ON M5C 2W5, 416-216-0256 drichardson@orslaw.com	Defamation (Notice): general and special damages, removal of post from website, post apology in its place		YES (if claim) Hiscox No. 122004316
Q2 2009	Brigden, Malcolm	Adair Morse T. Agape Lim 1 Queen Street East, Suite 1800, Toronto, ON M5C 2W5 t: 416-941-5875 alim@adairmorse.com	Regina Leader Post, Adam, Betty Ann, Alleyne,	Russel Hart, Gerrard Rath Johnson, Suite 700, 1914 Hamilton St., Regina SK S4P 3N6, 306-522-3030 rhart@grj.ca	Defamation (Notice): removal of article from website, printed apology		YES (if claim) Hiscox No. 122004683

TOR\_P2Z:4530068.7

ASSET PURCHASE AGREEMENT

274

108

- 15 -

Q1 2009	Dass, Charles and Micromem Technologies	Macaulay McColl Kenneth M. Affleck 1575 - 650 West Georgia Street, PO Box 11635 Vancouver, BC V6H 4N9 t: 604-899-5201 e: kaffleck@macaulay.com	Baines, David; The Vancouver Sun, The Alberni Valley Times	Robert Anderson, Q.C., Farris, Vaughan, Wills & Murphy LLP, P.O. Box 10026, Pacific Centre South, 25th Floor, 700 W Georgia St., Vancouver BC V7Y 1B3, 604-661-9313 randerson@farris.com	Defamation (Notice); remuneration not stated--simply complaints at this time		YES (if claim)
Q2 2008	Berend Brandsema	McConchie Law Corporation Roger D. McConchie Suite 290 - 889 Harbourside Drive North Vancouver, BC V7P 3S1 t: 604-988-1622 e: mcconchie@libelandprivacy.com	The Abbotsford-Mission Times, CanWest MediaWorks Publications Inc.	Robert Anderson, Q.C., Farris, Vaughan, Wills & Murphy LLP, P.O. Box 10026, Pacific Centre South, 25th Floor, 700 W Georgia St., Vancouver BC V7Y 1B3, 604-661-9313 randerson@farris.com	Defamation (Notice); Website apology		YES; if proceeds to claim Hiscox #122003461
Q2 2008	Wakeford, James	Hunter Litigation Chambers Law Corporation Brent B. Olthuis 2100 - 1040 West Georgia Street, Vancouver, BC V6E 4H1 t: 604-647-8540 e: bolthuis@litigationchambers.com	The National Post Company, CanWest MediaWorks Inc., Cosh, Colby	Robert Anderson, Q.C., Farris, Vaughan, Wills & Murphy LLP, P.O. Box 10026, Pacific Centre South, 25th Floor, 700 W Georgia St., Vancouver BC V7Y 1B3, 604-661-9313 randerson@farris.com	Defamation (Notice); immediate and visible correction		TBA
Q4 2007	Gordon A. Kapelus, Chief Capilano of the Squamish Nation	3118 West 18th Avenue Vancouver, BC V6L 1B9 t: 604-736-4607	North Shore News (letter addressed to CanWest Global Communications Corp.)	Robert Anderson, Q.C., Farris, Vaughan, Wills & Murphy LLP, P.O. Box 10026, Pacific Centre South, 25th Floor, 700 W Georgia St., Vancouver BC V7Y 1B3, 604-661-9313 randerson@farris.com	Defamation (Notice); review transcript of hearings, including costs to obtain transcripts, and review with Plaintiff libelous statements from article.		YES; if proceeds to Claim

Note: Matters for which insurance is marked as TBA will be deemed as insured litigation upon receipt of an acceptable coverage letter.

**SCHEDULE 1.1(110)****PERMITTED ENCUMBRANCES**

1. Applicable municipal by-laws, zoning restrictions, development agreements, subdivision agreements, restrictive covenants, site plan agreements, reciprocal agreements, other agreements, building and other restrictions, leases, subleases, easements, servitudes, rights of way and licences which do not in the aggregate materially adversely affect the current use of the Real Property affected thereby.
2. The reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown of any real property or any interest therein.
3. Defects or irregularities in title to the Real Property which are of a minor nature and do not materially adversely affect the current use of the Real Property affected thereby.
4. Encumbrances for taxes and other obligations or requirements owing to or imposed by governmental authorities or utility providers in respect of amounts not yet due.
5. Rights of equipment lessors under Personal Property Leases forming part of the Acquired Assets.
6. Any privilege in favour of any lessor, licensor or permitter for rent to become due or for other obligations or acts, the performance of which is required under Contracts, or Real Property Leases, provided that such liens or privileges do not materially adversely affect the current use of the Acquired Assets affected thereby.
7. All Encumbrances affecting a landlord's or sublandlord's interest in any Leased Real Property and all Encumbrances created pursuant to the terms of the LP Leased Property Leases and the Real Property Leases.
8. Encumbrances of landlords, carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and Encumbrances imposed by law, in each case incurred in the Ordinary Course of the Business (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of five days) are being contested in good faith by appropriate proceedings.
9. Encumbrances incurred in the Ordinary Course of the Business in connection with, or to secure payment of obligations under, workers' compensation, unemployment insurance and other types of social security or similar laws.
10. Encumbrances, pledges and deposits incurred in the Ordinary Course of the Business to secure the performance of tenders, statutory obligations, performance and completion bonds, surety bonds, appeal bonds, bids, leases, licenses, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations.

## SCHEDULE 3.1(3)

## EXCLUDED ASSETS

Lease Agreements

1. Lease Agreement between T.E.C. 250 Leaseholds Limited and Canwest Publishing Inc. in respect of 250 Yonge Street, Toronto, Ontario, dated February 18, 2009, as amended.
2. Lease Agreement between Edward Baillargeon and Deborah Baillargeon and CanWest MediaWorks Directories, a division of CanWest MediaWorks Publications Inc. in respect of 546 Sovereign Road, London, Ontario, dated October 4, 2007, as amended.
3. Lease Agreement between Edward Baillargeon and Deborah Baillargeon and CanWest MediaWorks Directories, a division of CanWest MediaWorks Publications Inc. in respect of 546 Sovereign Road, London, Ontario, dated December 15, 2007, as amended.

Financing Agreements and Related Agreements

4. Indenture between CanWest MediaWorks Limited Partnership, the guarantors party thereto, The Bank of New York, and BNY Trust Company of Canada, dated July 13, 2007.
5. Credit Facilities Credit Agreement between CanWest MediaWorks Limited Partnership, the Guarantors, Scotia Capital, and Scotia Capital and Citigroup Global Markets Inc., dated July 10, 2007.
6. Senior Credit Agreement.
7. DIP Credit Agreement.
8. LP support agreement dated January 8, 2010 between Canwest Limited Partnership, Canwest (Canada) Inc., Canwest Publishing Inc., Canwest Books Inc. and The Bank of Nova Scotia, in its capacity as administrative agent on behalf of the lenders party thereto.

Other Agreements

9. All contracts that have been disclaimed or resiliated by Canwest Limited Partnership/Canwest Société en Commandité, Canwest (Canada) Inc., Canwest Publishing Inc./Publications Canwest Inc. and/or Canwest Books Inc. in accordance with section 32 of the CCAA.
10. Material Contracts not listed or identified on Schedule 7.5(4); or in respect of or under any Material Contract that is marked with an asterisk on Schedule 7.5(4).
11. Such other Excluded Assets as may be mutually agreed by the Parties prior to the Acquisition Time.
12. Agreement for Consulting Services between Vanguard Communications Corporation and Canwest Limited Partnership, effective June 3, 2009.



**SCHEDULE 7.1(1)**

**STATUS AND CAPACITY OF LP ENTITIES**

Currently, CPI, CCI and CBI have no directors and officers.

**SCHEDULE 7.1(8)**

**NO OTHER ACQUISITION AGREEMENTS**

1. Senior Credit Agreement and the DIP Credit Agreement (including the pledge of all shares of National Post)
2. Encumbrances created by order of the CCAA Court in connection with the CCAA Case
3. Credit Acquisition

**SCHEDULE 7.1(10)****CONSENTS**

The following agreements require consent for assignment:

Real Property Lease Agreements

1. Lease between London Life Insurance Company and Southam Inc. dated April 1, 1991 and the lease between London Life Insurance Company and Southam Inc. dated April 1, 1991 as renewed by the renewal letter dated April 28, 2004 and as assumed by The Edmonton Journal Group Inc. on October 30, 2000, in respect of 10006-101 St., Edmonton, AB.
2. Lease between bcIMC Realty Corporation and Calgary Herald Group Inc. dated May 9, 2005, in respect of 1058-72nd Avenue, N.E., Calgary, AB.
3. Lease between The City of Calgary and Southam Inc. dated May 1, 1995, in respect of 800 MacLeod Trail, Calgary, AB.
4. Lease between 808 4th Avenue SW Leaseholds Inc. (successor in title to United Place Inc.) and The National Post Company dated October 2, 2002 as amended September 18, 2007, in respect of 808-4th Ave. SW, Calgary, AB.
5. Lease between Superfly Inc. and The Flyer Force, a Division of The Edmonton Journal Inc. dated July 10, 2003 as amended by (i) the amendment agreement dated January 12, 2004; and (ii) the amendment agreement dated August 17, 2004, in respect of 9303 28th Avenue, Edmonton, AB.
6. Lease between Superfly Inc. and The Flyer Force, a Division of The Edmonton Journal Inc. dated August 17, 2004, in respect of 9307 28th Avenue, Edmonton, AB.
7. Lease between Fuller Watson Holdings Limited and Lower Mainland Publishing Group Ltd. dated August 15, 2006, in respect of Units 1 & 2 - 22345 North Avenue, Maple Ridge, BC.
8. Lease between Sodican (B.C.) Inc. and Lower Mainland Publishing Group Inc. dated March 10, 2005, in respect of 100 - 126 East 15th Street, North Vancouver, BC.
9. Lease between Ligvita Developments Ltd., Strawberry Point Developments Ltd., Kalkadoon Properties Ltd. and Thomson Newspapers Co. Ltd. dated April 15, 1993 as amended by the amendment letter dated May 25, 1994 and renewed by the renewal letter dated January 3, 1997, in respect of 1046 Cedar Street, Campbell River, BC.
10. Lease agreement between Ebco Machining and Fabricating Ltd., as landlord, and Lower Mainland Publishing Group Inc., as tenant, dated July 1, 2001, with respect to certain premises on the ground floor and 2nd floor at 7280 River Road, Richmond, British Columbia; and

11. Lease between EIG River Road Investments Inc., for and on behalf of Ebco Machining and Fabricating Ltd., as landlord, and College Printers, a division of Canwest Publishing Inc., as tenant, dated August 1, 2009, with respect to Unit 150 - 7280 River Road, Richmond, British Columbia.
12. Lease between B.F.C. Projects Partnership, a corporate partnership between Cambridge Properties Ltd. and Benchmark Financial Corporation (successor in title to B-Cam Projects, a corporate partnership between Benchmark Estate Ltd. and Benchmark Holdings Ltd.) and Langley Advance, a Division of CanWest MediaWorks Publications Inc. (successor to Lower Mainland Publishing Group Inc.) dated November 6, 2001 as amended by (i) the extension dated April 16, 2004; (ii) the modification of Lease dated May 10, 2004; (iii) the lease amendment agreement dated July 23, 2004; and (iv) the extension dated September 24, 2007, in respect of Unit 112, 6375 - 202nd Street, Langley, BC.
13. Lease between ONNI Development (1525 Broadway) Corp. and Coquitlam Now and Van Net Newspapers, Divisions of CanWest Publishing Inc. dated December 4, 2008, in respect of 115-1525 Broadway Street, Port Coquitlam, BC.
14. Lease between Brookwest Industrial Inc. and North Shore News, a Division of CanWest MediaWorks Publications Inc. dated March 1, 2006, in respect of 120-400 Brooksbank Ave., Vancouver, BC.
15. Lease between 581486 B.C. Ltd. and CanWest MediaWorks Publications Inc. dated July 10, 2007, in respect of 13163 - 76th Avenue, Surrey, BC.
16. Lease between Victor Properties Ltd. and Vancouver Courier, a division of CanWest Publishing Inc. (successor in title by assignment to Lower Mainland Publishing Group Inc., (successor in interest by assignment to RIM Publishing Inc.)) dated June, 1989 as amended by (i) the renewal letter dated June 28, 1994; (ii) the renewal letter dated March 31, 1999; (iii) the renewal letter dated August 3, 2004; and (iv) the amending agreement dated July 31, 2009, in respect of 1574 West 6th Avenue, Vancouver, BC.
17. Lease between Garlough Developments Ltd. and CanWest MediaWorks Publications Inc. dated September 1, 2007, in respect of 166E Island Highway, Parksville, BC.
18. Lease between Ontrea Inc., by its agent Cadillac Fairview Management Services Inc. (successor in title to Granville Square Leaseholds Ltd.), Pacific Newspaper Group Inc. (successor in interest by assignment to XSTM Holdings (2000) Inc. (formerly Southam Inc.)) and Canwest Global Communications Corp. dated December 22, 1995 as amended by (i) the letter agreement dated January 12, 1996; (ii) the amendment and assumption of lease dated October 11, 2000; (iii) the amending agreement dated May 31, 2002; and (iv) the facilities licence agreement between PNG and Global Communications Limited dated October 13, 2004, in respect of 200 Granville Street, Vancouver, BC.
19. Lease between Newcorp Properties Ltd. and Burnaby Now, A Division of CanWest Publishing Inc. (successor in title to Lower Mainland Publishing Group Inc.) dated December 27, 2001 as amended by (i) the letter agreement dated May 15, 2002; and (ii)

- the letter agreement dated February 19, 2009, in respect of 201A & 202A 3430 Brighton Ave, Burnaby, BC.
20. Lease between Diversified Management Inc. and The Now Newspaper, a Division of CanWest MediaWorks Publications Inc. (successor in interest by assignments dated April 14, 1999, August 3, 2000 and June 2002 to Lower Mainland Publishing Group Inc.) dated June, 1996 as amended by (i) the addendum dated May, 1999; (ii) the addendum dated June, 2002; (iii) the addendum dated March 15, 2006; and (iv) the addendum dated July 3, 2006, in respect of 201 and 203 – 7889 132nd Street, Surrey, BC.
  21. Lease between Hass Holdings Ltd. and Delta Optimist, a division of CanWest MediaWorks Publications Inc. dated December 1, 2005, in respect of Units 207 and 208 in the Whitford Building, 4840 Delta Street, Delta, BC.
  22. Lease between Sixth and Yukon Properties Ltd. and CanWest MediaWorks Publications Inc. dated May 3, 2007, in respect of 2188 Yukon Street, Vancouver, BC.
  23. Lease between H. & B. Holdings (1982) Ltd. and Echo Publications dated December 22, 2001, in respect of 407-D Fifth Street, Courtenay, BC.
  24. Lease between Donald E. Taylor Personal Law Corporation and Thomson Newspapers Canada, division of Thomson Canada Limited, carrying on business as The Citizen Newspaper dated January 1, 1997 as amended by (i) the lease renewal letter dated January 29, 2001; and (ii) the renewal letter dated March 10, 2006, in respect of 469 Whistler Street, Duncan, BC.
  25. Lease between Canadian Pacific Railway Company and The Esquimalt and Nanaimo Railway Company and CanWest Global Communications Corp. (successor in interest by assignment dated October 22, 2000 to Southam Publishing (B.C.) Ltd., successor in title by assignment dated July 7, 1998 to Thomson Canada Limited.) dated November 4, 1996, in respect of Mile 75.56 – 75.59 Nanaimo, BC.
  26. Lease by Canwest Publishing Inc., in respect of 1701 Peninsula Street, Ucluelet, BC. (documentation has not been provided)
  27. Lease by Canwest Publishing Inc., in respect of 3355 Grandview Highway, Vancouver, BC. (documentation has not been provided)
  28. Lease between Carlton Call Centre Inc. and CanWest Limited Partnership, by its General Partner, CanWest (Canada) Inc. (successor in title to CanWest Media Inc. (successor in interest by assignment dated May 23, 2002 to Air Canada)) dated September 30, 1998 as amended by (i) the letter dated May 29, 2001; (ii) the letter dated May 13, 2002; (iii) the letter dated April 29, 2003; and (iv) the lease renewal dated November 13, 2009, in respect of 300 Carlton Street, Winnipeg, MB.
  29. Lease between City of Ottawa and Ottawa Citizen, a division of CanWest MediaWorks Publications Inc. dated September 1, 2003 as amended by (i) the lease renewal agreement dated September 1, 2005; and (ii) the lease renewal agreement dated December 1, 2007, in respect of 110 Laurier Avenue West, Ottawa, ON.

30. Lease between Montyco Investments (Windsor) Inc. and CanWest Publishing Inc. dated February 18, 2009 as amended by the amendment dated August 18, 2009, in respect of 1116-1120 Lesperance Road, Tecumseh, County of Essex, ON.
31. Lease between Sun Life Assurance Company of Canada and CanWest MediaWorks Publications Inc. (successor in interest by assignment dated November 1, 2005 to Ottawa Citizen Group Inc.) dated January 30, 2003 as amended by the amendment dated May 17, 2006, in respect of Units 404, 405, 406, 407, 408 at 1230 Old Innes Road, Ottawa, ON.
32. Lease between 1605 Main Street West (Hamilton) Limited and Canwest MediaWorks Publications Inc. dated May 16, 2006, in respect of 1603 Main Street E., Hamilton, ON.
33. Lease between Fairlane Developments Inc. and Phoenix Media Group Inc. dated June 27, 2001 as amended by the letter agreement dated May 26, 2006, in respect of 1614 Lesperance Rd, Unit 2, Building A, Tecumseh, ON.
34. Lease between 414835 Ontario Limited and Canwest Publishing Inc. dated October 1, 2009, in respect of 40 Queen Street South, Tilbury, ON.
35. Lease between Sun Life Assurance Company of Canada and 156 O'Connor Limited (successor to 1331430 Ontario Inc.) and CanWest MediaWorks Publications Inc. dated May 8th, 2007 as amended by (i) the generator license agreement dated June 27th, 2007; and (ii) the storage lease dated February 25th, 2008, in respect of 50 O'Connor Street, Ottawa, ON.
36. Lease between T.R.L. Investments Limited and CanWest Publishing Inc. dated October 28, 2009, in respect of 911 Golf Links Rd, Ancaster, Hamilton ON.
37. Lease by Canwest Publishing Inc., in respect of Rm 354 Legislative Building, Ottawa, ON. (documentation has not been provided)
38. Lease between WXI/DSG Realty Company and Dominion Square, Limited Partnership and the Montreal Gazette Group Inc.) dated October 30, 2003, as subleased by CanWest Publishing Inc. (successor in title to Montreal Gazette Group Inc.) to Global Quebec, a division of CanWest Television Limited Partnership, acting by its general partner CanWest Television GP Inc. dated September 1, 2009, in respect of 1010 St. Catherine St. West, Montreal, QC.
39. Lease between Centre Terrarium Inc., represented by Arcturus Limited Partnership, by its General Partner, Arcturus Realty Corporation (successor in title to Progressive Holdings Inc.) and Canwest Publications Inc. (successor in title to Montreal Gazette Group Inc.) dated October 30, 2003 as extended by the extension letter dated October 15, 2008, in respect of 205-189 Hymus Blvd., Pont-Claire, QC.
40. Sublease between The Canadian Press and Canwest Publishing Inc. dated January 1, 2010, in respect of 1206 National Press Building, Washington, DC.

41. Lease between Nadiscorp Logistics Inc. and The Star Phoenix, a division of Canwest MediaWorks Publications Inc. dated December 12, 2005, in respect of 1502 Quebec Avenue, Saskatoon, SK.
42. Lease agreement between Ebco Machining and Fabricating Ltd., as landlord, and Lower Mainland Publishing Group Inc., as tenant, dated July 1, 2001, with respect to certain premises on the ground floor and 2nd floor at 7280 River Road, Richmond, British Columbia.
43. Lease between EIG River Road Investments Inc., for and on behalf of Ebco Machining and Fabricating Ltd., as landlord, and College Printers, a division of Canwest Publishing Inc., as tenant, dated August 1, 2009, with respect to Unit 150 - 7280 River Road, Richmond, British Columbia.

3rd - Party Leases

44. Lease between Edmonton Journal Group Inc. A Canwest Company, and 713054 Alberta Ltd. dated February 28, 2001 as amended by (i) the amendment dated January 17, 2003; (ii) the amendment dated November 23, 2004; and (iii) the amendment dated February 10, 2006, in respect of 10006-101 Street, Edmonton, AB.
45. Lease between Sterling Newspapers Company and Tourism Authority dated January 1, 2000, in respect of 1922 Park St., Regina, SK.
46. Lease between CanWest MediaWorks Inc. and UTC Canada Corporation dated September 1, 2006, in respect of 2575 McCullough Road, Nanaimo, BC.
47. Lease between the Times Colonist, a division of Canwest Publishing Inc. and CGI Information Systems and Management Consultants Inc. dated September, 2008, in respect of 2621 Douglas Street, Victoria, BC.
48. Lease between 150275 Canada Inc. and Sprott-Shaw College of Business Ltd. dated May 26, 1999, in respect of 2621 Douglas Street, Victoria, BC.
49. Lease between Times Colonist, a division of Canwest Publishing Inc. and Sprott Shaw Degree College Corporation Ltd. dated July 1, 2007, in respect of 2621 Douglas Street, Victoria, BC.
50. Lease between Canwest Publishing Inc. and Houle Printing, in respect of 3486 Fourth Avenue. (documentation has not been provided)
51. Lease by Canwest Publishing Inc., in respect of Unit B2, 2575 McCullough Road. (documentation has not been provided)
52. Lease between Canwest Mediaworks Publications Inc. and The National Post Company dated October 13, 2005 as assigned to National Post Inc. on October 26, 2009, in respect of 1450 Don Mills Road, Ontario, M3B 2X7.
53. Lease between Canwest Publishing Inc. and Canwest Media Inc. dated October 13, 2005, in respect of 1450 Don Mills Road, Ontario, M3B 2X7.

Software License Agreements and Related Agreements

54. Agreement for the Provision of E-mail Management Services between Canwest Publishing Inc. and SMARTFOCUS Inc., successor to ASTECH InterMedia, Inc. dated signed January 23, 2009 and January 28, 2009.
55. Master Contract between CanWest MediaWorks Publications Inc. and ASTECH InterMedia, Inc. dated January 1, 2008.
56. Software Development, License and Support Agreement between ReachCanada Contact Centre Limited and Media Command Incorporated dated December 11, 2001.
57. Preferred Escrow Agreement among ReachCanada Contact Centre Limited, DSI Technology Escrow Services, Inc. and Media Command Incorporated dated December 11, 2001.
58. Software Licence Agreement between Canwest Publishing Inc. and ppi Media GmbH dated October 23, 2008.
59. Maintenance and Support Agreement between Canwest Publishing Inc. and ppi Media GmbH dated October 23, 2008.
60. Services Agreement between Canwest Publishing Inc. and ppi Media GmbH dated October 23, 2008.
61. Master Software Licence and Services Agreement between Saxotech, Inc. and CanWest MediaWorks Publications Inc. dated December 20, 2007.
62. Master License and Service Agreement between TANSA Systems and Canwest Publishing Inc. effective March 5, 2008.
63. Software License and Services Agreement between Quark Distribution, Inc. and Canwest MediaWorks Publications Inc. dated March 19, 2007.

Other

64. Capital Equipment Loan Agreement between Southern Lithoplate, Inc. and The Edmonton Journal, a division of Canwest Publishing Inc. dated March 15, 2005
65. Capital Equipment Loan Agreement between Southern Lithoplate, Inc. and The StarPhoenix, a division of Canwest Publishing Inc. dated April 1, 2005
66. Capital Equipment Loan Agreement between Southern Lithoplate, Inc. and The Gazette, a division of Canwest Publishing Inc. dated September 28, 2006.
67. Master Services Agreement and Statement of Work between Canwest Publishing Inc. and Affinity Express, Inc. dated March 24, 2009.
68. Intercompany Loan agreement between 4513401 Canada Inc. and Canwest Publishing Inc. dated October 30, 2009 (and related promissory note).



69. Agreement for Trucking and Logistic Services dated April 9, 2007 between Toronto Star Newspapers Limited and The National Post Company.
70. Printing Agreement between National Post Inc. (name to be amended to the correct entity name. The National Post Company) and Glacier Media Inc. dated August 24, 2009 and as amended by Amendment No. 1 dated as of August 24, 2009.
71. Printing Agreement with Torstar Corporation and The National Post Company dated January 4, 2002, as amended March 10, 2009.
72. Executive Advisory Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
73. Executive Advisory Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
74. Canwest Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
75. Sales Representation and Agency Services between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
76. Trademarks License Agreement among Canwest Global Communications Corp., Canwest Mediaworks (Canada) Inc., Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc., and Canwest Mediaworks Income Fund dated October 13, 2005.
77. Agreement on Shared Services and Employees between the Canwest Global Communications Corp., Canwest Limited Partnership, Canwest Media Inc., Canwest Publishing Inc., Canwest Television Limited Partnership, and The National Post Company dated October 26, 2009.
78. National Post Transition Agreement between The National Post Company and Canwest Publishing Inc. dated October 26, 2009.
79. Broadcast Services Agreement between Canwest Limited Partnership and Canwest Television Limited Partnership dated January 1, 2009.
80. Canwest Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
81. Trademarks License Agreement among Canwest Global Communications Corp., Canwest Mediaworks (Canada) Inc., Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc., and Canwest Mediaworks Income Fund dated October 13, 2005.

82. Agreements between the LP Entities and The Bank of Nova Scotia with respect to cash management obligations.

**SCHEDULE 7.2(3)**

**SPECIFIED CHANGES OR EVENTS**

Nil

## SCHEDULE 7.4(2)

## REAL PROPERTY

1. 2575 McCullough Road (Units A1, A2, B1) Nanaimo, BC held by Canwest Media Inc. as nominee for Canwest Publishing Inc.
2. 4918 Napier Street and 3999 Forth Avenue, Port Alberni, BC held by Canwest Media Inc. as nominee for Canwest Publishing Inc.
3. 5731 No. 3 Road, Richmond, BC owned by Canwest Publishing Inc.
4. 12091-88th Avenue, Surrey, BC owned by Canwest Publishing Inc.
5. 2615 Douglas Street, Victoria, BC owned by Canwest Publishing Inc.
6. 30887 Peardonville Road, Abbotsford, BC owned by Canwest Publishing Inc.
7. 45951 Tretheway Avenue, Chilliwack, BC owned by Canwest Publishing Inc.
8. 215 16 Street, SE, 315-16th Street SE and 1790-3rd Avenue SE, Calgary, AB owned by Canwest Publishing Inc.
9. 9301 49 Street, Edmonton, AB owned by Canwest Publishing Inc.
10. 10006 101 Street, NW, Edmonton, AB owned by Canwest Publishing Inc.
11. 1964 Park Street, Regina, SASK owned by Canwest Publishing Inc.
12. 535 East 12th Avenue, Regina, SASK owned by Canwest Publishing Inc.
13. 204 5th Avenue, North, Saskatoon, SASK owned by Canwest Publishing Inc.
14. 219 5th Avenue, North, Saskatoon, SASK owned by Canwest Publishing Inc.
15. 1101 Baxter Road, Ottawa, ON owned by Canwest Publishing Inc.
16. 1450 Don Mills Road, Toronto, ON owned by Canwest Publishing Inc.
17. 167 Ferry Street, Windsor, ON owned by Canwest Publishing Inc.
18. 3000 Starway Avenue, Windsor, ON owned by Canwest Publishing Inc.
19. 2605 Temple, Windsor, ON owned by Canwest Publishing Inc.
20. 7001 rue St. Jacques, Montreal, QC owned by Canwest Publishing Inc.

**SCHEDULE 7.4(3)****REAL PROPERTY LEASES AND LEASED PREMISES**

1. Lease between London Life Insurance Company and Southam Inc. dated April 1, 1991 and the lease between London Life Insurance Company and Southam Inc. dated April 1, 1991 as renewed by the renewal letter dated April 28, 2004 and as assumed by The Edmonton Journal Group Inc. on October 30, 2000, in respect of 10006-101 St., Edmonton, AB.
2. Lease between bcIMC Realty Corporation and Calgary Herald Group Inc. dated May 9, 2005, in respect of 1058-72nd Avenue, N.E., Calgary, AB.
3. Lease between The City of Calgary and Southam Inc. dated May 1, 1995, in respect of 800 MacLeod Trail, Calgary, AB.
4. Lease between 808 4th Avenue SW Leaseholds Inc. (successor in title to United Place Inc.) and The National Post Company dated October 2, 2002 as amended September 18, 2007, in respect of 808-4th Ave. SW, Calgary, AB.
5. Lease between Superfly Inc. and The Flyer Force, a Division of The Edmonton Journal Inc. dated July 10, 2003 as amended by (i) the amendment agreement dated January 12, 2004; and (ii) the amendment agreement dated August 17, 2004, in respect of 9303 28th Avenue, Edmonton, AB.
6. Lease between Superfly Inc. and The Flyer Force, a Division of The Edmonton Journal Inc. dated August 17, 2004, in respect of 9307 28th Avenue, Edmonton, AB.
7. Lease between Fuller Watson Holdings Limited and Lower Mainland Publishing Group Ltd. dated August 15, 2006, in respect of Units 1 & 2 – 22345 North Avenue, Maple Ridge, BC.
8. Lease between Sodican (B.C.) Inc. and Lower Mainland Publishing Group Inc. dated March 10, 2005, in respect of 100 – 126 East 15th Street, North Vancouver, BC.
9. Lease between Ligvita Developments Ltd., Strawberry Point Developments Ltd., Kalkadoon Properties Ltd. and Thomson Newspapers Co. Ltd. dated April 15, 1993 as amended by the amendment letter dated May 25, 1994 and renewed by the renewal letter dated January 3, 1997, in respect of 1046 Cedar Street, Campbell River, BC.
10. Lease between B.F.C. Projects Partnership, a corporate partnership between Cambridge Properties Ltd. and Benchmark Financial Corporation (successor in title to B-Cam Projects, a corporate partnership between Benchmark Estate Ltd. and Benchmark Holdings Ltd.) and Langley Advance, a Division of CanWest MediaWorks Publications Inc. (successor to Lower Mainland Publishing Group Inc.) dated November 6, 2001 as amended by (i) the extension dated April 16, 2004; (ii) the modification of Lease dated May 10, 2004; (iii) the lease amendment agreement dated July 23, 2004; and (iv) the extension dated September 24, 2007, in respect of Unit 112, 6375 – 202nd Street, Langley, BC.

11. Lease between ONNI Development (1525 Broadway) Corp. and Coquitlam Now and Van Net Newspapers, Divisions of CanWest Publishing Inc. dated December 4, 2008, in respect of 115-1525 Broadway Street, Port Coquitlam, BC.
12. Lease between Brookwest Industrial Inc. and North Shore News, a Division of CanWest MediaWorks Publications Inc. dated March 1, 2006, in respect of 120-400 Brooksbank Ave., Vancouver, BC.
13. Lease between 581486 B.C. Ltd. and CanWest MediaWorks Publications Inc. dated July 10, 2007, in respect of 13163 – 76th Avenue, Surrey, BC.
14. Lease between Victor Properties Ltd. and Vancouver Courier, a division of CanWest Publishing Inc. (successor in title by assignment to Lower Mainland Publishing Group Inc., (successor in interest by assignment to RIM Publishing Inc.)) dated June, 1989 as amended by (i) the renewal letter dated June 28, 1994; (ii) the renewal letter dated March 31, 1999; (iii) the renewal letter dated August 3, 2004; and (iv) the amending agreement dated July 31, 2009, in respect of 1574 West 6th Avenue, Vancouver, BC.
15. Lease between Garlough Developments Ltd. and CanWest MediaWorks Publications Inc. dated September 1, 2007, in respect of 166E Island Highway, Parksville, BC.
16. Lease between Ontrea Inc., by its agent Cadillac Fairview Management Services Inc. (successor in title to Granville Square Leaseholds Ltd.), Pacific Newspaper Group Inc. (successor in interest by assignment to XSTM Holdings (2000) Inc. (formerly Southam Inc.)) and Canwest Global Communications Corp. dated December 22, 1995 as amended by (i) the letter agreement dated January 12, 1996; (ii) the amendment and assumption of lease dated October 11, 2000; (iii) the amending agreement dated May 31, 2002; and (iv) the facilities licence agreement between PNG and Global Communications Limited dated October 13, 2004, in respect of 200 Granville Street, Vancouver, BC.
17. Lease between Newcorp Properties Ltd. and Burnaby Now, A Division of CanWest Publishing Inc. (successor in title to Lower Mainland Publishing Group Inc.) dated December 27, 2001 as amended by (i) the letter agreement dated May 15, 2002; and (ii) the letter agreement dated February 19, 2009, in respect of 201A & 202A 3430 Brighton Ave, Burnaby, BC.
18. Lease between Diversified Management Inc. and The Now Newspaper, a Division of CanWest MediaWorks Publications Inc. (successor in interest by assignments dated April 14, 1999, August 3, 2000 and June 2002 to Lower Mainland Publishing Group Inc.) dated June, 1996 as amended by (i) the addendum dated May, 1999; (ii) the addendum dated June, 2002; (iii) the addendum dated March 15, 2006; and (iv) the addendum dated July 3, 2006, in respect of 201 and 203 – 7889 132nd Street, Surrey, BC.
19. Lease between Hass Holdings Ltd. and Delta Optimist, a division of CanWest MediaWorks Publications Inc. dated December 1, 2005, in respect of Units 207 and 208 in the Whitford Building, 4840 Delta Street, Delta, BC.
20. Lease between Sixth and Yukon Properties Ltd. and CanWest MediaWorks Publications Inc. dated May 3, 2007, in respect of 2188 Yukon Street, Vancouver, BC.

21. Lease between H. & B. Holdings (1982) Ltd. and Echo Publications dated December 22, 2001, in respect of 407-D Fifth Street, Courtenay, BC.
22. Lease between Donald E. Taylor Personal Law Corporation and Thomson Newspapers Canada, division of Thomson Canada Limited, carrying on business as The Citizen Newspaper dated January 1, 1997 as amended by (i) the lease renewal letter dated January 29, 2001; and (ii) the renewal letter dated March 10, 2006, in respect of 469 Whistler Street, Duncan, BC.
23. Lease between Canadian Pacific Railway Company and The Esquimalt and Nanaimo Railway Company and CanWest Global Communications Corp. (successor in interest by assignment dated October 22, 2000 to Southam Publishing (B.C.) Ltd., successor in title by assignment dated July 7, 1998 to Thomson Canada Limited.) dated November 4, 1996, in respect of Mile 75.56 – 75.59 Nanaimo, BC.
24. Lease by Canwest Publishing Inc., in respect of 1701 Peninsula Street, Uchuelet, BC. (documentation has not been provided)
25. Lease by Canwest Publishing Inc., in respect of 3355 Grandview Highway, Vancouver, BC. (documentation has not been provided)
26. Lease between Carlton Call Centre Inc. and CanWest Limited Partnership, by its General Partner, CanWest (Canada) Inc. (successor in title to CanWest Media Inc. (successor in interest by assignment dated May 23, 2002 to Air Canada)) dated September 30, 1998 as amended by (i) the letter dated May 29, 2001; (ii) the letter dated May 13, 2002; (iii) the letter dated April 29, 2003; and (iv) the lease renewal dated November 13, 2009, in respect of 300 Carlton Street, Winnipeg, MB.
27. Lease between City of Ottawa and Ottawa-Citizen, a division of CanWest MediaWorks Publications Inc. dated September 1, 2003 as amended by (i) the lease renewal agreement dated September 1, 2005; and (ii) the lease renewal agreement dated December 1, 2007, in respect of 110 Laurier Avenue West, Ottawa, ON.
28. Lease between Montyco Investments (Windsor) Inc. and CanWest Publishing Inc. dated February 18, 2009 as amended by the amendment dated August 18, 2009, in respect of 1116-1120 Lesperance Road, Tecumseh, County of Essex, ON.
29. Lease between Sun Life Assurance Company of Canada and CanWest MediaWorks Publications Inc. (successor in interest by assignment dated November 1, 2005 to Ottawa Citizen Group Inc.) dated January 30, 2003 as amended by the amendment dated May 17, 2006, in respect of Units 404, 405, 406, 407, 408 at 1230 Old Innes Road, Ottawa, ON.
30. Lease between 1605 Main Street West (Hamilton) Limited and Canwest MediaWorks Publications Inc. dated May 16, 2006, in respect of 1603 Main Street E., Hamilton, ON.
31. Lease between Fairlane Developments Inc. and Phoenix Media Group Inc. dated June 27, 2001 as amended by the letter agreement dated May 26, 2006, in respect of 1614 Lesperance Rd, Unit 2, Building A, Tecumseh, ON.

- 4 -

32. Lease between 414835 Ontario Limited and Canwest Publishing Inc. dated October 1, 2009, in respect of 40 Queen Street South, Tilbury, ON.
33. Lease between Sun Life Assurance Company of Canada and 156 O'Connor Limited (successor to 1331430 Ontario Inc.) and CanWest MediaWorks Publications Inc. dated May 8<sup>th</sup>, 2007 as amended by (i) the generator license agreement dated June 27<sup>th</sup>, 2007; and (ii) the storage lease dated February 25<sup>th</sup>, 2008, in respect of 50 O'Connor Street, Ottawa, ON.
34. Lease between T.R.L. Investments Limited and CanWest Publishing Inc. dated October 28, 2009, in respect of 911 Golf Links Rd, Ancaster, Hamilton ON.
35. Lease by Canwest Publishing Inc., in respect of Rm 354 Legislative Building, Ottawa, ON. (documentation has not been provided).
36. Lease between WXL/DSG Realty Company and Dominion Square, Limited Partnership and the Montreal Gazette Group Inc.) dated October 30, 2003, as subleased by CanWest Publishing Inc. (successor in title to Montreal Gazette Group Inc.) to Global Quebec, a division of CanWest Television Limited Partnership, acting by its general partner CanWest Television GP Inc. dated September 1, 2009, in respect of 1010 St. Catherine St. West, Montreal, QC.
37. Lease between Centre Terrarium Inc., represented by Arcturus Limited Partnership, by its General Partner, Arcturus Realty Corporation (successor in title to Progressive Holdings Inc.) and Canwest Publications Inc. (successor in title to Montreal Gazette Group Inc.) dated October 30, 2003 as extended by the extension letter dated October 15, 2008, in respect of 205-189 Hymus Blvd., Pont-Claire, QC.
38. Sublease between The Canadian Press and Canwest Publishing Inc. dated January 1, 2010, in respect of 1206 National Press Building, Washington, DC.
39. Lease between Nadiscorp Logistics Inc. and The Star Phoenix, a division of Canwest MediaWorks Publications Inc. dated December 12, 2005, in respect of 1502 Quebec Avenue, Saskatoon, SK.
40. Lease agreement between Ebco Machining and Fabricating Ltd., as landlord, and Lower Mainland Publishing Group Inc., as tenant, dated July 1, 2001, with respect to certain premises on the ground floor and 2nd floor at 7280 River Road, Richmond, British Columbia.
41. Lease between EIG River Road Investments Inc., for and on behalf of Ebco Machining and Fabricating Ltd., as landlord, and College Printers, a division of Canwest Publishing Inc., as tenant, dated August 1, 2009, with respect to Unit 150 - 7280 River Road, Richmond, British Columbia.
42. Lease in respect of 17 Chesnutt Street, Kingsville, Ontario.
43. Sublease in respect of 100 Queen Street West, Toronto, ON (as contemplated in the Omnibus Transition and Reorganization Agreement).



*Leased Premises – Sublets, Assignments, Licenses*

44. The subleases in respect of 1010 Ste. Catherines Street West, Montreal, QC and 50 O'Connor Street, Ottawa, ON (as contemplated in the Omnibus Transition and Reorganization Agreement).
45. See item 36 above.
46. Lease between Edmonton Journal Group Inc. and Canwest Company and 713054 Alberta Ltd. dated February 28, 2001, as amended by (i) the amendment dated January 17, 2003; (ii) the amendment dated November 23, 2004; and (iii) the amendment dated February 10, 2006, in respect of 10006 – 101 Street, Edmonton, Alberta.

129  
295

SCHEDULE 7.4(6)

PERSONAL PROPERTY LEASES

Nil

## SCHEDULE 7.4(8)

## INTELLECTUAL PROPERTY

- |   |   |
|---|---|
| <p>1. BURNABY SUN (application no. 1134875), owned by CanWest MediaWorks Publications Inc., application submitted March 20, 2002.</p> <p>2. BURNABY SUN (application no. 1388315), owned by Canwest Publishing Inc., application submitted March 20, 2008.</p> <p>3. CALGARY HERALD (application no. 1107134; registration no. 592075), owned by Canwest Publishing Inc., registered October 9, 2003.</p> <p>4. CALGARY RUSHHOUR DESIGN (application no. 1337245; registration no. 762027), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered March 19, 2010.</p> <p>5. CNS CANWEST NEWS SERVICE (application no. 78332548), owned by CanWest Media Inc., application submitted November 24, 2003.</p> <p>6. CNS CANWEST NEWS SERVICE &amp; DESIGN (application no. 1178757; registration no. 689711), owned by Canwest Global Communications Corp., registered June 13, 2007.</p> <p>7. D &amp; DESIGN (application no. 78654486), owned by 3848671 Canada Limited, application submitted June 20, 2004.</p> <p>8. D &amp; DESIGN (application no. 78654866), owned by 3848671 Canada Limited, application submitted June 21, 2005.</p> <p>9. D &amp; DESIGN (application no. 731465), owned by 3848671 Canada</p> | <p>Inc., application submitted June 21, 2005.</p> <p>10. D &amp; DESIGN (application no. 1241380; registration no. 736039), owned by Canwest (Canada) Inc. as general partner for and on behalf of Canwest Limited Partnership, registered March 10, 2009.</p> <p>11. DOSE (application no. 1241384; registration no. 736040), owned by Canwest (Canada) Inc. as general partner for and on behalf of Canwest Limited Partnership, registered March 10, 2009.</p> <p>12. DOSE (application no. 78654412; registration no. 3669420), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered August 18, 2009.</p> <p>13. DOSE (application no. 731464; registration no. 731464), owned by CanWest MediaWorks (Canada) Inc., as general partner for and on behalf of CanWest MediaWorks Limited Partnership, registered December 21, 2004.</p> <p>14. DOSE &amp; DESIGN (application no. 1241379; registration no. 736038), owned by Canwest (Canada) Inc. as general partner for and on behalf of Canwest Limited Partnership, registered March 10, 2009.</p> <p>15. DOSE &amp; DESIGN (application no. 5304803; registration no. 5304803), owned by CanWest MediaWorks (Canada) Inc., as general partner for and on behalf of CanWest MediaWorks Limited Partnership, registered November 12, 2007.</p> |
|---|---|

16. DOSE & DESIGN (application no. 731466; registration no. 731466), owned by CanWest MediaWorks (Canada) Inc., as general partner for and on behalf of CanWest MediaWorks Limited Partnership, registered December 21, 2004.
17. DOSE & DESIGN (application no. 1134975; registration no. 1134975), owned by CanWest MediaWorks Inc., registered January 8, 2008.
18. DOSE & DESIGN (application no. 78655368), owned by CanWest MediaWorks Limited Partnership by its general partners CanWest MediaWorks (Canada) Inc., application submitted June 21, 2005.
19. DRIVING (application no. 1142930; registration no. 677148), owned by Canwest Publishing Inc., registered November 16, 2006.
20. DRIVING (application no. 1154138; registration no. 675053), owned by Canwest Publishing Inc., registered October 17, 2006.
21. DRIVING.CA (application no. 1290374; registration no. 752522), owned by Canwest Publishing Inc., registered November 9, 2009.
22. DRIVING.CA & CAR DESIGN (application no. 1290372), owned by Canwest Publishing Inc., application submitted February 17, 2006.
23. EDMONTON JOURNAL (application no. 1059218; registration no. 584829), owned by Canwest Publishing Inc., registered July 9, 2003.
24. EDMONTON RUSHHOUR & DESIGN (application no. 1337246; registration no. 762135), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered March 19, 2010.
25. FINANCIAL POST & DESIGN (application no. 1103315), owned by CanWest Global Communications Corp., application submitted May 22, 2001.
26. FP & DESIGN (application no. 1103314), owned by CanWest Global Communications Corp., application submitted May 22, 2001.
27. FP ONLINE (application no. 0576576; registration no. 343353), owned by 4513401 Canada Inc., registered August 5, 1988.
28. FRASER VALLEY SUN (application no. 1134874), owned by CanWest MediaWorks Publications Inc., application submitted March 20, 2002.
29. FRASER VALLEY SUN (application no. 1388321), owned by Canwest Publishing Inc., application submitted March 20, 2008.
30. HARBOUR CITY STAR (application no. 0828725; registration no. 485684), owned by Canwest Media Inc., registered November 18, 1997.
31. HOUSEHUNTING.CA & DESIGN (application no. 1361838; registration no. 735941), owned by Canwest (Canada) Inc. as general partner for and on behalf of Canwest Limited Partnership, registered March 9, 2009.
32. INFOMART (application no. 0395445; registration no. 224484), owned by Canwest Publishing Inc., registered December 2, 1977.
33. INFOMART ONLINE (application no. 0637548; registration no. 380026),

- owned by Canwest Publishing Inc., registered February 15, 1991.
34. INFOMART ONLINE & DESIGN (application no. 0634064; registration no. 379991), owned by Canwest Publishing Inc., registered February 15, 1991.
  35. MONTREAL RUSHHOUR (application no. 1337264; registration no. 762135), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered March 22, 2010.
  36. NATIONAL POST (application no. 0876463; registration no. 528677), owned by 4513401 Canada Inc., registered May 31, 2000.
  37. NATIONAL POST. A BETTER READ. (application no. 1257028; registration no. 727619), owned by 4513401 Canada Inc., registered November 3, 2008.
  38. NORTH SHORE SUN (application no. 1134876), owned by CanWest MediaWorks Publications Inc., application submitted March 20, 2002.
  39. NORTH SHORE SUN (application no. 1388316), owned by Canwest Publishing Inc., application submitted March 20, 2008.
  40. OTTAWA CITIZEN & DESIGN (application no. 0852493; registration no. 558482), owned by Canwest Publishing Inc., registered February 26, 2002.
  41. OTTAWACITIZEN & DESIGN (1) (application no. 0852492; registration no. 558481), owned by Canwest Publishing Inc., registered February 26, 2002.
  42. OTTAWA CITIZEN (ON SCREEN DESIGN) & DESIGN (application no. 0852491; registration no. 523809), owned by Canwest Publishing Inc., registered February 24, 2000.
  43. OTTAWA CITIZEN ONLINE & DESIGN (application no. 0895609; registration no. 536871), owned by Canwest Publishing Inc., registered November 7, 2000.
  44. OTTAWA CITIZEN ONLINE & DESIGN (application no. 852490; registration no. 518073), owned by Canwest Publishing Inc., registered October 18, 1999.
  45. OTTAWA CITIZEN ONLINE & MAPLE LEAF DESIGN (application no. 0895610; registration no. 534098), owned by Canwest Publishing Inc., registered October 5, 2000.
  46. OTTAWA RUSHHOUR & DESIGN (application no. 1324620), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., application submitted November 17, 2006.
  47. RAISE A READER & DESIGN (application no. 1173213; registration no. 613992), owned by Canwest Media Inc., registered July 2, 2004.
  48. RAISE-A-READER (application no. 78135853), owned by Pacific Newspaper Group Inc., application submitted June 14, 2002.
  49. RAISE-A-READER (application no. 1129819; registration no. 594491), owned by Canwest Media Inc., registered November 12, 2003.
  50. RAISE-A-READER DAY (application no. 1129820; registration no. 597055),

- owned by Canwest Media Inc., registered December 10, 2003.
51. RAISE-A-READER DAY (application no. 78135862), owned by Pacific Newspaper Group Inc., application submitted June 14, 2002.
  52. REACHCANADA (application no. 1008866; registration no. 540673), owned by Canwest (Canada) Inc. as general partner for and on behalf of Canwest Limited Partnership, registered February 1, 2001.
  53. REACHCANADA & DESIGN (application no. 1312082; registration no. 709896), owned by Canwest (Canada) Inc. as general partner for and on behalf of Canwest Limited Partnership, registered March 19, 2008.
  54. REGINA RUSHHOUR (application no. 1337257; registration no. 762160), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered March 22, 2010.
  55. RICHMOND SUN (application no. 1134873), owned by CanWest MediaWorks Publications Inc., application submitted March 20, 2002.
  56. RICHMOND SUN (application no. 1388314), owned by Canwest Publishing Inc., application submitted March 20, 2008.
  57. RUSH HOUR (application no. 1247997; registration no. 737455), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered April 2, 2009.
  58. SASKATOON RUSHHOUR (application no. 1337262; registration no. 761678), owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered March 15, 2002.
  59. SURREY SUN (application no. 1134877), owned by CanWest MediaWorks Publications Inc., application submitted March 20, 2002.
  60. SURREY SUN (application no. 1388322), owned by Canwest Publishing Inc., registered March 20, 2008.
  61. THE DAILY COLONIST (application no. 442918; registration no. 249881), owned by Canwest Publishing Inc., registered August 29, 1980.
  62. THE FINANCIAL POST (application no. 0353737; registration no. 191246), owned by 4513401 Canada Inc., registered May 25, 1973.
  63. THE FINANCIAL POST MONEYWISE MAGAZINE (application no. 522851; registration no. 316196), owned by The National Post Company, registered July 11, 1986.
  64. THE FLYER FORCE (application no. 0522228; registration no. 310010), owned by Canwest Publishing Inc., registered January 3, 1986.
  65. THE NORTH ISLANDER (application no. 1232214; registration no. 664934), owned by Canwest (Canada) Inc. as general partner for and on behalf of Canwest Limited Partnership, registered May 24, 2006.
  66. THE OTTAWA CITIZEN (application no. 6788978; registration no. 399443), owned by Canwest Publishing Inc., registered June 19, 1992.

67. THE PROVINCE (application no. 0700427; registration no. 408219), owned by Canwest Publishing Inc., registered February 12, 1993.
68. THE PROVINCE DESIGN (application no. 0862788; registration no. 501236), owned by Canwest Publishing Inc., registered September 25, 1998.
69. THE VANCOUVER SUN (application no. 700430; registration no. 454949), owned by Canwest Publishing Inc., registered March 8, 1996.
70. THE VANCOUVER SUN & DESIGN (application no. 854297; registration no. 503006), owned by Canwest Publishing Inc., registered October 27, 1998.
71. THE WINDSOR STAR & DESIGN (application no. 779381; registration no. 466196), owned by Canwest Publishing Inc., registered November 22, 1996.
72. TIMES COLONIST (application no. 872040; registration no. 557462), owned by Canwest Publishing Inc., registered February 5, 2002.
73. VANCOUVER SUN (application no. 0700431; registration no. 454950), owned by Canwest Publishing Inc., registered March 8, 1996.
74. VICTORIA TIMES (application no. 0442919; registration no. 252486), owned by Canwest Publishing Inc., registered November 14, 1980.
75. WINDSOR RUSHHOUR (application no. 1337263; registration no. 761974) owned by Canwest Limited Partnership by its general partner Canwest (Canada) Inc., registered March 18, 2010.
76. WORKING (application no. 1427244), owned by Canwest Publishing Inc., application submitted February 9, 2009.
77. WORKING (application no. 1285187; registration no. 748293), owned by Canwest Publishing Inc., registered September 22, 2009.
78. WORKING.COM (application no. 1427245), owned by Canwest Publishing Inc., application submitted February 9, 2009.
79. WORKING.COM (application no. 1285192; registration no. 751166), owned by Canwest Publishing Inc., registered October 26, 2009.
- Common Law Trademarks*
80. canada.com
81. Abbotsford Times.
82. Alberni Valley Times.
83. Bell River, Lakeshore News
84. Burnaby Now.
85. Calgary Flyer Force.
86. Calgary Herald.
87. Campbell River Courier-Island.
88. Chilliwack Times.
89. Comox Valley Echo.
90. Delta Optimist.
91. Edmonton Flyer Force.
92. Edmonton Journal.
93. Harbour City Star.
94. Kingsville Reporter Langley Advance.

- 6 -

95.	LaSalle Post	calgaryherald.com
96.	Leader-Post.	calgaryherald.mobi
97.	Maple Ridge Times.	canada.com
98.	Nanaimo Daily News.	canspell.ca
99.	National Post.	canwestcommunitypublishing.com
100.	North Shore News.	chilliwacktimes.com
101.	Occanside Star.	comoxvalleyecho.com
102.	Ottawa Citizen.	cowichanvalleycitizen.com
103.	Ottawa Flyer Force.	delta-optimist.com
104.	Richmond News	dose.ca
105.	Surrey Now	dose.com
106.	Tecumseh Shoreline Week	dosemobile.ca
107.	The Gazette.	dosemobile.com
108.	The North Islander.	driving.ca
109.	The Province.	edmontonjournal.com
110.	The Record.	edmontonjournal.mobi
111.	The StarPhoenix.	financialpost.com
112.	The Vancouver Sun.	financialpost.mobi
113.	The Windsor Star.	financialpostmagazine.ca
114.	Tilbury Times	financialpostmagazine.com
115.	Times Colonist.	fpinfomart.ca
116.	Vancouver Courier.	fpinfomart.com
117.	Westerly News.	fpmagazine.ca
		fullcomment.ca
		fullcomment.com
		househunting.ca
		Infomart.ca
		Infomart.com
		leaderpost.com
		leader-post.com
		montrealgazette.com
		montrealgazette.mobi
		montrealgazette.net
		nanaimodailynews.ca
		nanaimodailynews.com
		nationalpost.ca
		nationalpost.com
		nationalpost.mobi
		nationalpostbusiness.com
		nationalpostonline.ca
		nationalpostonline.com
		ottawacitizen.ca
		ottawacitizen.com
		ottawacitizen.mobi
		ottawacitizen.net
		ottawacitizen.org
		pacificnewspapergroup.com
		pacificnewspapers.com

*Domain Names*



raiseareader.com  
raise-a-reader.com  
reginasun.com  
richmond-news.com  
surreynow.com  
thecalgaryherald.ca  
thecalgaryherald.com  
theedmontonjournal.com  
theleaderpost.com  
thenationalpost.ca  
theottawacitizen.ca  
theottawacitizen.com  
theprovince.com  
theprovince.mobi  
thestarphoenix.com  
thevancouversun.com  
timescolonist.com  
times-colonist.com  
vancouverprovince.com  
vancouverstn.com  
vancouverstn.mobi  
windsorsexnews.com  
windsorstar.com  
working.ca  
working.com

**SCHEDULE 7.5(1)**

**MATERIAL ADVERSE CHANGES**

Nil

**SCHEDULE 7.5(4)****MATERIAL CONTRACTS***Shared Service Agreements*

1. Agreement on Shared Services and Employees between the Canwest Global Communications Corp., Canwest Limited Partnership, Canwest Media Inc., Canwest Publishing Inc., Canwest Television Limited Partnership, and The National Post Company dated October 26, 2009.
2. National Post Transition Agreement between The National Post Company and Canwest Publishing Inc. dated October 26, 2009.
3. Executive Advisory Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
4. Partnership Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
5. Broadcast Services Agreement between Canwest Limited Partnership and Canwest Television Limited Partnership dated January 1, 2009.
6. Canwest Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
7. Sales Representation and Agency Services between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
8. Affiliation Services Agreement between Canwest Mediaworks Inc. and Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
9. Trademarks License Agreement among Canwest Global Communications Corp., Canwest Mediaworks (Canada) Inc., Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc., and Canwest Mediaworks Income Fund dated October 13, 2005.
10. Cooperation and Confidentiality Services among Canwest Global Communications Corp., Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc., and Canwest Mediaworks (Canada) Inc. dated October 13, 2005.
11. Insurance Premium Sharing Agreement between Canwest Mediaworks Limited Partnership by its general partner Canwest Mediaworks (Canada) Inc. and Canwest Mediaworks Inc. dated October 13, 2005.

12. Pension Plan Participation Agreement between CanWest Mediaworks Limited Partnership and CanWest MediaWorks Publications Inc. dated January 1, 2006.
13. Employee Secondment and Cost Reimbursement Arrangements, undated, between Canwest Limited Partnership, Canwest Media Inc., Canwest Television Limited Partnership, Canwest Publishing Inc. and National Post.

Distribution Agreements

The Following agreements for the distribution of the newspapers operated as part of the Business, including:

1. Distribution Agreement between Pacific Newspaper Group, a division of CanWest MediaWorks Publications Inc. and Viking Logistics Ltd. dated March 1, 2004, as amended and restated as of March 1, 2007.
2. Metro Dealer Distribution Agreement between Edmonton Journal, a division of Canwest Publishing Inc. and Dynamex Canada Inc. signed February 3, 2009 and effective as of September 1, 2008.
3. Metro Home Delivered Distribution Agreement between Edmonton Journal, a division of Canwest Publishing Inc. and Dynamex Canada Inc. signed February 3, 2009 and effective as of September 1, 2008.
4. Metro Home Delivered Topload Pallet Pick-up and Return Agreement between Edmonton Journal, a division of Canwest Publishing Inc. and Dynamex Canada Inc. signed February 3, 2009 and effective as of September 1, 2008.
5. Agreement for Trucking and Logistic Services dated April 9, 2007 between Toronto Star Newspapers Limited and The National Post Company. Printing Agreement between National Post Inc. (name to be amended to the correct entity name, The National Post Company) and Glacier Media Inc. dated August 24, 2009 and as amended by Amendment No. 1 dated as of August 24, 2009.

Software Agreements, Licence Agreements and Technology Agreements

1. Agreement for the Provision of E-mail Management Services between Canwest Publishing Inc. and SMARTFOCUS Inc., successor to ASTECH InterMedia, Inc. dated signed January 23, 2009 and January 28, 2009.
2. Master Contract between CanWest MediaWorks Publications Inc. and ASTECH InterMedia, Inc. dated January 1, 2008.
3. Software Development, License and Support Agreement between ReachCanada Contact Centre Limited and Media Command Incorporated dated December 11, 2001.
4. Preferred Escrow Agreement among ReachCanada Contact Centre Limited, DSI Technology Escrow Services, Inc. and Media Command Incorporated dated December 11, 2001.

5. Software Licence Agreement between Canwest Publishing Inc. and ppi Media GmbH dated October 23, 2008.
6. Maintenance and Support Agreement between Canwest Publishing Inc. and ppi Media GmbH dated October 23, 2008.
7. Services Agreement between Canwest Publishing Inc. and ppi Media GmbH dated October 23, 2008.
8. Master Software Licence and Services Agreement between Saxotech, Inc. and CanWest MediaWorks Publications Inc. dated December 20, 2007.
9. Master License and Service Agreement between TANSA Systems and Canwest Publishing Inc. effective March 5, 2008.
10. Software License and Services Agreement between Quark Distribution, Inc. and Canwest MediaWorks Publications Inc. dated March 19, 2007.

3rd - Party Leases

1. Lease between Edmonton Journal Group Inc. A Canwest Company. and 713054 Alberta Ltd. dated February 28, 2001 as amended by (i) the amendment dated January 17, 2003; (ii) the amendment dated November 23, 2004; and (iii) the amendment dated February 10, 2006, in respect of 10006-101 Street, Edmonton, AB.
2. Lease between Sterling Newspapers Company and Tourism Authority dated January 1, 2000, in respect of 1922 Park St., Regina, SK.
3. Lease between CanWest MediaWorks Inc. and UTC Canada Corporation dated September 1, 2006, in respect of 2575 McCullough Road, Nanaimo, BC.
4. Lease between the Times Colonist, a division of Canwest Publishing Inc. and CGI Information Systems and Management Consultants Inc. dated September, 2008, in respect of 2621 Douglas Street, Victoria, BC.
5. Lease between 150275 Canada Inc. and Sprott-Shaw College of Business Ltd. dated May 26, 1999, in respect of 2621 Douglas Street, Victoria, BC.
6. Lease between Times Colonist, a division of Canwest Publishing Inc. and Sprott Shaw Degree College Corporation Ltd. dated July 1, 2007, in respect of 2621 Douglas Street, Victoria, BC.
7. Lease between Canwest Publishing Inc. and Houle Printing, in respect of 3486 Fourth Avenue. (documentation has not been provided)
8. Lease by Canwest Publishing Inc., in respect of Unit B2, 2575 McCullough Road. (documentation has not been provided)

9. Lease between Canwest Mediaworks Publications Inc. and The National Post Company dated October 13, 2005 as assigned to National Post Inc. on October 26, 2009, in respect of 1450 Don Mills Road, Ontario, M3B 2X7.
10. Lease between Canwest Publishing Inc. and Canwest Media Inc. dated October 13, 2005, in respect of 1450 Don Mills Road, Ontario, M3B 2X7.

Other Material Agreements

1. Capital Equipment Loan Agreement between Southern Lithoplate, Inc. and The Edmonton Journal, a division of Canwest Publishing Inc. dated March 15, 2005
2. Capital Equipment Loan Agreement between Southern Lithoplate, Inc. and The StarPhoenix, a division of Canwest Publishing Inc. dated April 1, 2005
3. Capital Equipment Loan Agreement between Southern Lithoplate, Inc. and The Gazette, a division of Canwest Publishing Inc. dated September 28, 2006.
4. Printing Agreement with Torstar Corporation and The National Post Company dated January 4, 2002, as amended March 10, 2009.
5. Master Services Agreement and Statement of Work between Canwest Publishing Inc. and Affinity Express, Inc. dated March 24, 2009.
6. Intercompany Loan agreement between 4513401 Canada Inc. and Canwest Publishing Inc. dated October 30, 2009.
7. Promissory Note between 4513401 Canada Inc. (now National Post Inc.) and Canwest Publishing Inc./Publications Canwest Inc. in the amount of Cdn. \$13,000,000.00, dated October 30, 2009.
8. Amended and Restated LP Management Incentive Plan \*
9. Senior Credit Agreement \*
10. DIP Credit Agreement \*
11. Agreements between the LP Entities and The Bank of Nova Scotia with respect to cash management obligations
12. LP Support Agreement dated January 8, 2010 between the LP Entities and the Administrative Agent \*
13. Engagement letter dated as of November 1, 2009 among Canwest LP, CRS Inc. and Gary Colter \*
14. Engagement letter dated as of October 1, 2009 among Canwest LP, CPI and RBCCM \*

## SCHEDULE 7.6(2)

## LABOUR MATTERS AND EMPLOYEE CONTRACTS

1. **Collective Agreements**British Columbia, Lower Mainland

1. Collective Agreement between Abbotsford Times, a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 2000, dated August 22, 2005.
2. Collective Agreement at the Burnaby NOW, Coquitlam NOW, and Royal City Record between Communications, Energy and Paperworkers Union of Canada, Local 2000 and NOW Newspapers, a division of CanWest MediaWorks Publications Inc., dated January 1, 2007.
3. Collective Agreement at the Surrey/North Delta NOW between Communications, Energy and Paperworkers Union of Canada, Local 2000 and Surrey NOW, a division of CanWest MediaWorks Publications Inc., dated January 1, 2007.

British Columbia, Vancouver

4. Collective Agreement between Communications, Energy and Paperworkers Union of Canada, Local 2000 and the Nanaimo Daily News, a division of Canwest Publishing Inc., dated June 6, 2008.
5. Collective Agreement between Communications, Energy and Paperworkers Union of Canada, Local 2000 and the Nanaimo Daily News, a division of Canwest Publishing Inc., effective June 6, 2008.
6. Collective Agreement between Communications, Energy and Paperworkers Union, Local 525G and the Nanaimo Daily News, a division of Canwest Publishing Inc., effective June 6, 2008.
7. Collective Agreement between the Cowichan Valley Citizen and Victoria-Vancouver Island Newspaper Guild, Local 30223 of the Newspaper Guild, Sector of the Communications Workers of America, effective March 1, 2007.
8. Collective Agreement between The Campbell River Courier-Islander, a division of Canwest Publishing Inc. and Communications, Energy and Paperworkers Union of Canada, Local 2000, dated April 1, 2008.
9. Collective Agreement between Communications, Energy and Paperworkers Union, Local 525G and Alberni Valley Times, Port Alberni Group Inc., a Canwest Company, dated May 1, 2008.
10. Collective agreement between College Printers Ltd. and CEP Local 2000, Pre-Press Unit (June 1, 2006 – May 31, 2009).

11. Collective agreement between College Printers Ltd. and CEP Local 25G, Pressroom Unit (June 1, 2006 – May 31, 2009).
12. Collective agreement between College Printers Ltd. and CEP Local 525G, Bindery Unit (May 1, 2006 – April 30, 2009).

British Columbia, Victoria

13. Collective Agreement between the Victoria Times Colonist, a division of CanWest MediaWorks Publications Inc. and the Victoria-Vancouver Island Newspaper Guild, chartered as Local 30223 of the Newspaper Guild, sector of the Communications Workers of America, effective January 2, 2007.
14. Memorandum of Agreement between Victoria Times Colonist, a division of CanWest MediaWorks Publications Inc. and the National Guild of Canadian Media Manufacturing, Professional and Service Workers/Communications Workers of America (CWA 30403 British Columbia), effective January 2, 2007.
15. Newspaper Agreement between Victoria Times Colonist Group Inc., a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 2000, dated January 2, 2007.
16. Agreement between Victoria Times Colonist, a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 2000 (Platemaking Department), effective January 2, 2007.
17. Agreement between Victoria Times Colonist, a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 2000 (Pressroom Department), effective January 2, 2007.

British Columbia, Pacific Newspaper Group

18. Collective Agreement between Pacific Newspaper Group, a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 2000 (all units: Granville Square; Composing Room; Electrical; Mechanical; Mailroom; Platemaking; Pressroom), dated April 11, 2007.

Alberta

19. Collective Agreement between the Calgary Herald, a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 34G (Distribution Centre Workers, Dispatch/Loading Dock, Press Janitors, Machine Shop), dated April 1, 2007.
20. Collective Agreement between the Calgary Herald, a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 34G (Press Room, Platemaking Department, Distribution Centre – Mailers/Mailer Assistants, Newsprint Warehouse), dated April 1, 2007.



21. CPTU Collective Agreement between the Calgary Herald, a division of CanWest MediaWorks Publications Inc. and Calgary Printing Trades Union, Local No. 1, dated July 1, 2007.
22. Agreement between the Edmonton Journal and Communications, Energy and Paperworkers Union of Canada, Local 255G, dated August 9, 2007 and effective January 1, 2007.
23. Agreement between the Edmonton Journal and Communications, Energy and Paperworkers Union of Canada, Local 255G, dated April 6, 2008 and effective January 1, 2008.

Saskatchewan

24. Collective Agreement between Leader-Post, a division of CanWest MediaWorks Publications Inc. and Saskatchewan Media Guild, Local 30199 (CWA), effective November 2, 2005.
25. Collective Agreement between Leader-Post, a division of CanWest MediaWorks Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 75G, dated December 10, 2008 and effective September 2, 2008.

Ottawa Citizen, Ontario

26. Memorandum Agreement between the Ottawa Citizen, a division of CanWest MediaWorks Publications Inc. and the Teamsters/Graphic Communications Conference, Local 41M, effective January 1, 2007.
27. Agreement between the Ottawa Citizen Group Inc. and Communications, Energy and Paperworkers Union of Canada, Local 87M, effective January 1, 2008.
28. Agreement between the Ottawa Citizen Group Inc. and the Ottawa Newspaper Guild, Local 30205 of CWA, dated September 17, 2008.

Windsor Star, Ontario

29. Collective Agreement between the Windsor Star, a division of Canwest Publications Inc. and National Automobiles, Aerospace, Transportation and General Workers Union of Canada, CAW and its Local 240 (Advertising Unit), effective January 1, 2008.
30. Collective Agreement between the Windsor Star, a division of Canwest Publications Inc. and National Automobiles, Aerospace, Transportation and General Workers Union of Canada, CAW and its Local 240 (Business Office Unit), effective January 1, 2008.
31. Memorandum of Agreement between the Windsor Star, a division of Canwest Publications Inc. and National Automobiles, Aerospace, Transportation and General Workers Union of Canada, CAW and its Local 240 (Editorial and Reader Sales and Service Units), effective January 1, 2008.

32. Collective Agreement between the Windsor Star, a division of Canwest Publications Inc. and Communications, Energy and Paperworkers Union of Canada, Local 517G (Electronic Pre-Press), effective January 1, 2008.
33. Collective Agreement between Communications, Energy and Paperworkers Union of Canada, Local 517G (Engravers) and the Windsor Star, a division of Canwest Publications Inc., effective January 1, 2008.
34. Contract between Communications, Energy and Paperworkers Union of Canada, Local 517G (Press, Maintenance and Dock Workers) and the Windsor Star, a division of Canwest Publications Inc., effective January 1, 2008.
35. Mailer and Inserter Contract between TNG Canada/CWA Union No. 30553 and the Windsor Star, a division of Canwest Publications Inc., effective January 1, 2008.

Quebec

36. Memorandum Agreement between Montreal Gazette Group Inc., a Canwest Company and Montreal Newspaper Guild, T.N.G. - C.W.A. Local 30111 (Editorial and Inside Newspaper Sales Unit), dated August 18, 2005 and effective April 1, 2005.
37. Agreement between Montreal Gazette and Communications Workers of America (RSS), expiring June 1, 2008 [this Agreement is identical to item 36 above].
38. Memorandum Agreement between the Gazette, a division of CanWest MediaWorks Publications Inc. and the Montreal Newspaper Guild, Local 30111, effective March 4, 2007.
39. Memorandum Agreement between the Gazette, a division of CanWest MediaWorks Publications Inc. and the Montreal Newspaper Guild, Local 30111, the Newspaper Guild/CWA (Business Office Unit), dated December 20, 2006 and effective July 25, 2006.
40. Memorandum Agreement between the Gazette, a division of Canwest Publishing Inc. and Montreal Newspaper Guild, CWA/SCA Canada, Local 30111, effective June 2, 2008.
41. Memorandum Agreement between the Gazette, a division of Canwest Publishing Inc. and Montreal Newspaper Guild, CWA/SCA Canada (Local 30111) (Classified Advertisement Unit), dated December 15, 2008 and effective January 1, 2008.
42. Memorandum Agreement between the Gazette, a division of CanWest MediaWorks Publications Inc. and Teamsters/Graphic Communications Conference, Local 41M, dated October 3, 2006 and effective August 6, 2006.
43. Collective Agreement between the Gazette, a division of CanWest MediaWorks Publications Inc. (Composing Room) and Local 145 of the Communications, Energy and Paperworkers Union of Canada, dated April 29, 2008 and effective July 19, 2006.

215

146

312

**SCHEDULE 7.6(3)**

**EMPLOYEE LAWS**

See attached.

Employment Law  
Schedule 7.8(1)

Grievance/Litigation

Grievance/Litigation Schedule 7.8(1) 05



Grönwasa Libyafin-Schokolade 7 6201345

General Ledger Schedule 7 80145

General Ledger Schedule 7 (03/14)

Graveson Librarian Schedule 7 8/1/14





General Ledger Schedule 7 (03/16)

<p>1996 Monsieur Gauthier</p>	<p>CEP</p>	<p>The Gazette</p>	<p>JACOB</p>	<p>It failed to assess, handle and address adequately the...          An arbitrator decided that the Company had been wrong in...          The claim for wages and damages for the period covered by the lock-out...</p>	<p>11 employees were locked out from June 1995 to May 2002...          An arbitrator decided that the Company had been wrong in...          The claim for wages and damages for the period covered by the lock-out...</p>	<p>Ron Michalski (Preston Michalski) 514-393-7251          Mr. Ronaki J. McRobb          Preston Michalski          1000, Place Victoria          Montreal, Qubec, H4Z 1E9</p>	<p>CEP is represented by Mr. Pierre          Gauthier, 1777, Avenue Longuevue Blvd. E.          Montreal, Qubec, H2L 4T3          514-314-5234</p>
-----------------------------------	------------	--------------------	--------------	--	---	--	--

Grievance Uplifter Schedule 7 8(3).tif

Giuseppe Ligotti, Scrittore 7 (20) Ltd

1517  
313

## SCHEDULE 7.7(1)

## LP BENEFIT PLANS

Pension Plans

1. Canwest Publications Inc. Retirement Plan, FSCO Registration No. 1077049 (DB, and DC Component to be effective May 1, 2010).
2. Canwest Pension Plan for Vancouver Island Employees, B.C. Registration No. P086435 (DB and DC).
3. Canwest Windsor Star Group Inc. Pension Plan, FSCO Registration No. 1077064 (DB).
4. Pension Plan for the Employees of the Saskatoon Star Phoenix and the Regina Leader-Post, Saskatchewan Registration No. P.91280 (DC). Canada Revenue Agency Registration No. 1075670.
5. Pension Plan for Employees of Canwest Interactive Inc., FSCO Registration No. 1019660 (DC). Closed to New Members.
6. Lower Mainland RRSP. Policy No. GA10027, Administrative Contract No. 66323-G.
7. National Post Retirement Plan -- FSCO Registration No. 1075928 (DB).

Benefit Plans

8. Canwest Publishing Inc. Hospital and Major Medical Plan, Manulife Financial Contract Number ASO 84335, 84335-A, 84335-B.
9. Canwest Publishing Inc. Dental Plan, Manulife Financial Contract Number ASO 84336, 84336-A, 84336-B.
10. Canwest Publishing Inc. Retiree Life Insurance, Manulife Financial Contract Number ASO 84343, 84343-A, 84343-B.
11. Canwest Publishing Inc. Retiree Medical Plan, Manulife Financial Contract Number ASO 84344, 84344-A, 84344-B.
12. Canwest Publishing Inc. Hospital, Major Medical and Dental, Manulife Financial Contract Number ASO 84344.
13. Canwest Publishing Inc. Weekly Indemnity, Hospital and Major Medical, Manulife Financial Contract Number ASO 84337.
14. Canwest Publishing Inc. Dental, Manulife Financial Contract Number ASO 84338.
15. Canwest Publishing Inc. Group Benefits Policy for Life, Accidental Death & Dismemberment, Dependent Life, Manulife Financial Policy Number GL & GH 39093, 39093-A, 39093-B.

16. Canwest Publishing Inc. Group Benefits Policy for Employee Optional Life, Spousal Optional Life and Dependent Optional Life, Manulife Financial Policy Number GL 39094, 39094-A, 39094-B.
17. Canwest Publishing Inc. Group Benefits Policy for Voluntary Accidental Death & Dismemberment, Manulife Financial Policy Number GH 39095, 39095-A, 39095-B.
18. Canwest Publishing Inc. Group Benefits Policy for Travel Accident (Accidental Death & Dismemberment), Manulife Financial Policy Number GH 39096, 39096-A, 39096-B.
19. Canwest Publishing Inc. Group Benefits Policy for Long Term Disability, Manulife Financial Policy Number GH 39097, 39097-A, 39097-B.
20. Canwest Publishing Inc. Group Benefits Policy for Optional Long Term Disability, Manulife Financial Policy Number GH 39098, 39098-A, 39098-B.
21. Sun Life Financial Long Term Disability, Policy Number 083448.
22. PNG Self Insured LTD Plan.
23. Lower Mainland Publishing, Group Benefits Policy for Basic Life, Optional Employee Life, Optional Dependant Life, AD&D, Weekly Indemnity, Health and Dental, Sun Life Financial Contract Policy Number 83448.
24. Pacific Newspaper Group, a division of Canwest Publishing Inc., Group Benefits Policy for Extended Healthcare, Pacific Blue Cross Contract Index 00197.
25. Times Colonist, a division of Canwest Publishing Inc. Group Benefits Policy for Extended Healthcare and Dental, Pacific Blue Cross Contract Index 06884.
26. Southam Publishing (B.C.) Ltd. and subsidiary or affiliated companies. Group Benefits Policy for Extended Healthcare, Pacific Blue Cross Contract Index 05400.
27. Campbell River Courier, a division of Canwest Mediaworks Publications Inc., Group Benefits Policy for Extended Healthcare, Pacific Blue Cross Contract Index 00936.
28. Canwest Publishing Inc. Chartis Policy for War Risk coverage SRG 9029962.

Multi-Employer Plans

29. All Multi-Employer Plans that the LP Entities are required to contribute are pursuant to collective agreements including but not limited to the following Pacific Blue Cross plans: (a) Nanaimo – Dental and Extended Health – Division 033315; (b) Campbell River – Dental and Extended Health – Division 033303; (c) College Printers - Dental and Extended Health – Division 033305; (d) College Printers – Dental and Extended Health – Division 041192; (e) Victoria Times – Dental and Extended Health – Division 033324; and (h) Victoria Times – Dental – Division 000402.

**SCHEDULE 7.7(9)****POST-RETIREMENT BENEFITS**

1. Canwest Publishing Inc. Retiree Life Insurance, Manulife Financial Contract Number ASO 84343, 84343-A, 84343-B.
2. Canwest Publishing Inc. Retiree Medical Plan, Manulife Financial Contract Number ASO 84344, 84344-A, 84344-B.
3. The pension plans and RRSP plan listed on Schedule 7.7(1) under "Pension Plans".
4. Retiree Life for the first 4 years of Retirement fall under Policy 39093, 39093-A, 39093-B with a reducing life schedule.



## SCHEDULE 9.13

## HOLDCO SHARE PROVISIONS

SCHEDULE A TO ARTICLES OF AMENDMENT

The Corporation is authorized to issue an unlimited number of voting common shares to be designated as Class C voting common shares and an unlimited number of limited voting common shares to be designated as Class NC limited voting common shares. The rights, privileges, restrictions and conditions attaching to the Class C voting common shares and the Class NC limited voting common shares are as follows:

**1. INTERPRETATION****1.1 Definitions**

For purposes of the Articles, the following terms have the following meanings:

- (a) "Affiliate" of a person means any person that directly or indirectly controls, is controlled by, or is under common control with, that person;
- (b) "Aggregate Votes" means the aggregate of the votes attached to all issued and outstanding Voting Shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;
- (c) "CBCA" means the Canada Business Corporations Act, R.S.C., 1985, c.C-44, as the same may be amended, supplemented or replaced, from time to time;
- (d) "CBCA Regulations" means any regulations promulgated from time to time under the CBCA;
- (e) "control" of a person by another person means 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;
- (f) "Conversion Period" means the period of time commencing on the Offer Date and terminating on the Expiry Date;
- (g) "Converted Shares" means Voting Common Shares resulting from the conversion of Limited Voting Common Shares into Voting Common Shares pursuant to paragraph 3.5(b)(i);
- (h) "Board of Directors" means the board of directors of the Corporation;
- (i) "Exclusionary Offer" means a Voting Common Share Offer, made by an Offeror that:
  - (i) must, by reason of requirements of applicable securities legislation or of a stock exchange on which the Voting Common Shares are listed, be made to all or

substantially all of the holders of Voting Common Shares who are in a province or territory of Canada to which such requirements apply; and

- (ii) is not made concurrently with an offer to purchase the Limited Voting Common Shares at a price equal to the Offer Price and that is identical to the Voting Common Share Offer in terms of the percentage of outstanding shares of each class to be taken up (exclusive of shares of each class owned immediately before the offer by the Offeror) and the form or forms of consideration offered and in all other material respects (except with respect to the conditions to the Offeror's obligation to take up and pay for Voting Common Shares that may be attached to the Voting Common Share Offer), and that has no condition attached other than the right not to take up and pay for Limited Voting Common Shares tendered if no Voting Common Shares are purchased under the Voting Common Share Offer.
- (j) **"Expiry Date"** means the last date on which holders of Voting Common Shares may accept an Exclusionary Offer in accordance with its terms;
- (k) **"ITA"** means the Income Tax Act, R.S.C., 1985, c. 1 (5th Supp.), as the same may be amended, supplemented or replaced, from time to time;
- (l) **"Limited Voting Common Shares"** means the Class NC limited voting common shares in the share capital of the Corporation;
- (m) **"Non-Canadian"** means a person who is, or is controlled by, a citizen or subject of a country other than Canada;
- (n) **"Offer Date"** means the date on which an Exclusionary Offer is made;
- (o) **"Offeror"** means a person that makes an offer to purchase Voting Common Shares, and includes any Affiliate or "associate" (as defined in the CBCA) of such person or any other person that is disclosed in the offering document relating to such offer to be acting jointly or in concert with such first mentioned person, but excludes the Corporation;
- (p) **"Offer Price"** means the price per share offered for Voting Common Shares under a Voting Common Share Offer;
- (q) **"person"** includes an individual, corporation, partnership, unincorporated organization, association, entity, government or agency thereof, trustee, executor, administrator and other legal representative;
- (r) **"Re-Conversion"** has the meaning given to it in paragraph 3.5(b)(iii)(C);
- (s) **"Transfer Agent"** means the transfer agent and the registrar of the Voting Shares of the Corporation and, in the absence of a transfer agent, means the Corporation;
- (t) **"Voting Common Share Offer"** means an offer to purchase Voting Common Shares and includes any amendment or variation to a previous offer to purchase Voting Common Shares except an amendment or variation comprised solely of a change to the conditions to the Offeror's obligations to take up and pay for Voting Common Shares attached to the Voting Common Share Offer;

- 3 -

- (u) "Voting Common Shares" means the Class C voting common shares in the share capital of the Corporation; and
- (v) "Voting Shares" means the Voting Common Shares and the Limited Voting Common Shares in the share capital of the Corporation and includes any security currently convertible into any such share and currently exercisable options and rights to acquire any such share or any such convertible security.

## 1.2 Undefined Terms

All terms used herein that are not defined herein shall have the meanings ascribed to them in the CBCA. Any provision herein shall be read so as to be consistent with the CBCA.

## 2. VOTING COMMON SHARES

Subject to the rights, privileges, restrictions and conditions which attach to the shares of any other class, the Voting Common Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions.

### 2.1 Voting

The holders of the Voting Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation; except class meetings of other classes of shareholders, and at all such meetings shall be entitled to one vote in respect of each share held by such holder.

### 2.2 Dividends and Distributions

Subject to applicable law, the Board of Directors may at any time or from time to time declare non-cumulative dividends to the holders of Voting Common Shares in such amounts as the directors at such time or times determine, out of moneys of the Corporation properly applicable to the payment of dividends. The Voting Common Shares and Limited Voting Common Shares shall rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation shall be declared in equal amounts per share on all Voting Common Shares and Limited Voting Common Shares then outstanding, without preference or distinction.

### 2.3 Subdivision or Consolidation

No subdivision or consolidation of the Voting Common Shares shall occur unless, simultaneously, the Voting Common Shares and the Limited Voting Common Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of the shares of each of the said classes.

### 2.4 Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Voting Common Shares and the holders of the Limited Voting

Common Shares shall participate rateably, share and share alike, without any further preference or distinction.

## 2.5 Conversion

### (a) Automatic

Any issued and outstanding Voting Common Share shall be converted into one Limited Voting Common Share, automatically and without any further act of the Corporation or the holder, if such Voting Common Share is or becomes beneficially owned or controlled, directly or indirectly, by a Non- Canadian.

### (b) Optional Conversion

A holder of Voting Common Shares shall have the option at any time to convert some or all of such shares into Limited Voting Shares on a one-for-one basis. This conversion right may be exercised by notice in writing given to the Transfer Agent, accompanied by the certificate or certificates representing the Voting Common Shares in respect of which the holder thereof desires to exercise such right of conversion. Such notice must be signed by the holder or its duly authorized attorney and must specify the number of Voting Common Shares which the holder desires to have converted. If less than all the Voting Common Shares represented by any certificate or certificates accompanying any such notice are to be converted, the holder will be entitled to receive, at the expense of the Corporation, a new certificate representing the Voting Common Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted. On any conversion of Voting Common Shares, the share certificates representing the Limited Voting Common Shares resulting therefrom will be issued in the name of the holder of the Voting Common Shares converted or, subject to payment by the holder of any stock transfer or other applicable taxes, in the name of such person as the holder may direct in writing. The right of a holder of Voting Common Shares to convert the same into Limited Voting Common Shares will be deemed to have been exercised, and the holder of Voting Common Shares to be converted (or any person in whose name such holder of Voting Common Shares will have directed certificates representing Limited Voting Common Shares to be issued) will be deemed to have become a holder of Limited Voting Common Shares of record for all purposes on the date of surrender of the certificate representing the Voting Common Shares to be converted accompanied by notice in writing as referred to above, notwithstanding any delay in the delivery of the certificate representing the Limited Voting Common Shares into which such Voting Common Shares have been converted.

## 3. LIMITED VOTING COMMON SHARES

Subject to the rights, privileges, restrictions and conditions which attach to any other class of shares, the Limited Voting Common Shares shall, as a class, have the following rights, privileges, restrictions and conditions:

### 3.1 Voting

The holders of the Limited Voting Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except class meetings of other classes of shareholders.

The Limited Voting Common Shares shall carry one vote per Limited Voting Common Share, unless:

- (a) the number of issued and outstanding Limited Voting Common Shares exceeds 49.9% of the total number of all issued and outstanding Voting Shares; or
- (b) the total number of votes that may be cast by or on behalf of holders of Limited Voting Common Shares present at any meeting of holders of Voting Shares exceeds 49.9% of the total number of votes that may be cast by all holders of Voting Shares present and entitled to vote at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Limited Voting Common Share will decrease automatically and without further act or formality, to equal the maximum permitted vote per Limited Voting Common Share as indicated below. Under the circumstance described in subparagraph (a) above, the Limited Voting Common Shares as a class cannot carry more than 49.9% of the Aggregate Votes. Under the circumstance described in subparagraph (b) above, the Limited Voting Common Shares as a class cannot, for the applicable shareholders' meeting, carry more than 49.9% of the total number of votes that can be cast at the meeting.

### 3.2 Dividends

Subject to applicable law, the Board of Directors may at any time or from time to time declare non-cumulative dividends to the holders of Limited Voting Common Shares in such amounts as the directors at such time or times determine, out of moneys of the Corporation properly applicable to the payment of dividends. The Voting Common Shares and Limited Voting Common Shares shall rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation shall be declared in equal amounts per share on all Voting Common Shares and Limited Voting Common Shares then outstanding, without preference or distinction.

### 3.3 Subdivision or Consolidation

No subdivision or consolidation of the Limited Voting Common Shares shall occur unless, simultaneously, the Limited Voting Common Shares and the Voting Common Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

### 3.4 Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Voting Common Shares and the holders of the Limited Voting Common Shares shall participate rateably, share and share alike, without any further preference or distinction.

### 3.5 Conversion

#### (c) Automatic

Each issued and outstanding Limited Voting Common Share shall be automatically converted into one Voting Common Share without any further act on the part of the Corporation or of the holder, if:

- (i) such Limited Voting Common Share is or becomes beneficially owned and controlled, directly or indirectly, by a person that is not a Non-Canadian unless such Limited Voting common share resulted from the exercise of a right described in section 2.5(a); or
- (ii) (A) the provisions contained in section 19 of the ITA are repealed and not replaced with other similar provisions in the ITA or other applicable legislation; and (B) there is no Canadian federal or provincial law applicable to the Corporation prescribed for the purposes of subsection 46(1) or paragraph 174(1)(c) of the CBCA or any other similar provision in the CBCA or the CBCA Regulations.

#### (d) Upon the Making of an Exclusionary Offer

##### (i) Conversion Right

Upon the making of an Exclusionary Offer, a holder of Limited Voting Common Shares has the right, at the holder's option, at any time during the Conversion Period to convert all or a part of such Limited Voting Common Shares on the terms and conditions set forth herein into fully paid and non-assessable Voting Common Shares on the basis of one Voting Common Share for each Limited Voting Common Share so converted.

##### (ii) Conversion Procedure

The conversion right provided for in paragraph 3.5(b)(i) may be exercised by notice in writing given to the Transfer Agent, accompanied by the certificate or certificates representing the Limited Voting Common Shares in respect of which the holder thereof desires to exercise such right of conversion. Such notice must be signed by the holder or its duly authorized attorney and must specify the number of Limited Voting Common Shares which the holder desires to have converted. If less than all the Limited Voting Common Shares represented by any certificate or certificates accompanying any such notice are to be converted, the holder will be entitled to receive, at the expense of the Corporation, a new certificate representing the Limited Voting Common Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted. On any conversion of Limited Voting Common Shares pursuant to the right in paragraph 3.5(b)(i), the share certificates representing the Converted Shares will be issued in the name of the holder of the Limited Voting Common Shares converted. The right of a holder of Limited Voting Common Shares to convert the same into Voting Common Shares will be deemed to have been exercised, and

the holder of Limited Voting Common Shares to be converted will be deemed to have become a holder of Voting Common Shares of record for all purposes on the date of surrender of the certificate representing the Limited Voting Common Shares to be converted accompanied by notice in writing as referred to above, notwithstanding any delay in the delivery of the certificate representing the Voting Common Shares into which such Limited Voting Common Shares have been converted.

(iii) Further Elections

An election by a holder of Limited Voting Common Shares to exercise the conversion right provided for in paragraph 3.5(b)(i) shall also constitute irrevocable elections by such holder:

- (A) to deposit the Converted Shares under the Exclusionary Offer (subject to such holder's right subsequently to withdraw such Converted Shares from the Exclusionary Offer in accordance with the terms thereof and applicable law);
- (B) to appoint a Canadian trustee (as designated by the Corporation) as the agent, attorney and attorney-in-fact of the holder in respect of the Converted Shares, with full power of substitution, (such power of attorney being coupled with an interest, being irrevocable) to, in the name of, and on behalf of, the holder during the Conversion Period, vote such Converted Shares at any meeting or meetings (whether annual, special or otherwise) of holders of Voting Common Shares, and to revoke any and all other authority, whether as agent, attorney, attorney-in-fact, proxy or otherwise, conferred or agreed to be conferred by the holder at any time with respect to the Converted Shares or any of them and to covenant that no subsequent authority, whether as agent, attorney, attorney-in-fact, proxy or otherwise, will be granted with respect thereto by or on behalf of the holder; and
- (C) to exercise the right (which right is hereby granted) to convert (the result of such exercise, a "Re-Conversion") into Limited Voting Common Shares all Converted Shares in respect of which such holder exercises the holder's right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up and paid for under the Exclusionary Offer, and any Re-Conversion shall be on the basis of one Limited Voting Common Share for each Converted Share in respect of which the Re-Conversion occurs.

(iv) Re-Conversion

Any Re-Conversion in respect of Converted Shares which have been withdrawn from the Exclusionary Offer shall be effective at the time the right of withdrawal

is exercised. Any Re-Conversion in respect of Converted Shares which have not been taken up and paid for under the Exclusionary Offer shall be effective:

- (A) in respect of an Exclusionary Offer for less than all the Voting Common Shares which is completed, immediately following the time by which the Offeror is required under applicable securities legislation to take up and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and
- (B) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.

(v) Deliveries

No share certificates representing Converted Shares shall be delivered to or to the order of the holders thereof before such shares have been deposited under the Exclusionary Offer, and the Transfer Agent, on behalf of the holders of the Converted Shares, shall deposit, and the holders of such shares shall be deemed to have irrevocably authorized and directed the Transfer Agent to deposit, under the Exclusionary Offer, the certificate or certificates representing the Converted Shares. Upon completion of the Exclusionary Offer, the Transfer Agent shall deliver or cause to be delivered to the holders entitled thereto all consideration paid by the Offeror under the Exclusionary Offer in respect of Converted Shares. On any Re-Conversion, the Transfer Agent shall deliver to each holder entitled thereto a share certificate representing the Limited Voting Common Shares resulting from the Re-Conversion. The Corporation shall make all arrangements with the Transfer Agent necessary or desirable to give effect to this paragraph 3.5(b)(v).

(vi) Notice

As soon as reasonably practicable after the Offer Date, the Corporation shall mail, by prepaid first class mail, to each holder of Limited Voting Common Shares a notice advising such holders that they are entitled to convert their Limited Voting Common Shares into Voting Common Shares under paragraph 3.5(b)(i) and the reasons therefor. Such notice shall:

- (A) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the Exclusionary Offer;
- (B) include the information set out in paragraph 3.5(b)(iii) (A)-(C); and
- (C) be accompanied by a copy of the Exclusionary Offer and all other material sent to holders of Voting Common Shares in respect of the offer, and as soon as is reasonably practicable after any additional material, including a notice of variation, is sent to the holders of Voting Common Shares in respect of the offer, the



Corporation shall send a copy of such additional material to each holder of Limited Voting Common Shares.

(vii) Press Release

Before or forthwith after sending any notice referred to in paragraph 3.5(b)(vi), the Corporation shall cause a press release to be issued to a Canadian national news wire service describing the contents of the notice.

**4. CONSTRAINTS ON OWNERSHIP OF SHARES**

The provisions set out in Appendix 1 to these share provisions shall be applicable to the Voting Common Shares and the Limited Voting Common Shares and shall form part of these share provisions.

## APPENDIX 1 – RESTRICTIONS ON SHARE OWNERSHIP AND SHARE TRANSFERS

### 1. CONSTRAINTS ON OWNERSHIP OF SHARES

#### 1.1 Voting Common Shares

The Voting Common Shares may only be beneficially owned and controlled, directly or indirectly, by persons that are not Non-Canadians.

#### 1.2 ITA Constraints

The Board of Directors may refuse to permit registration of a transfer of any share in the capital of the Corporation that would, in the opinion of the Board of Directors, jeopardize the status of the newspapers and periodicals published by the Corporation as Canadian newspapers or periodicals within the meaning of section 19 of the ITA.

#### 1.3 CBCA Constraints

In the event that any Canadian federal or provincial legislation applicable to the Corporation should become prescribed for the purposes of subsection 46(1) or paragraph 174(1)(c) of the CBCA or any other similar provision in the CBCA or the CBCA Regulations, these provisions shall be read as if they included additional constraints that assist the Corporation or any of its Affiliates or associates (within the meaning of the CBCA) to qualify under such prescribed law to receive licenses, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control. Such specified level of Canadian ownership or control shall be the level of Canadian ownership or control designated by such prescribed law of Canada or a province.

#### 1.4 Joint Ownership

Where Voting Shares are beneficially owned or controlled jointly by a person who is Non-Canadian and another person or persons that is not a Non-Canadian, the Voting Shares shall be deemed to be owned or controlled by the Non-Canadian.

#### 1.5 Exceptions

- (a) Nothing in these provisions shall be construed to apply in respect of Voting Shares of the Corporation that:
  - (i) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or
  - (ii) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.
- (b) The constraints imposed herein do not apply to the extent that a person who is a Non-Canadian holds Voting Shares by way of security only and such holding by way of security only is evidenced in such form as may be prescribed by the by-laws or

resolutions adopted by the shareholders or directors of the Corporation and filed by such holder with the Corporation.

#### 1.6 Powers of Directors

- (c) In the administration of these provisions, the Board of Directors shall enjoy, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the CBCA and the CBCA Regulations.
- (d) The Board of Directors may, prior to the issuance of any Voting Shares or the registration or transfer of any Voting Shares, require that there be submitted to the Corporation and/or to the Transfer Agent a declaration setting forth the name of the person who will own or control such Voting Share and whether or not such person is a Non-Canadian, as well as any such other information as the Board of Directors consider relevant for the purposes of determining whether that person is in compliance with the restrictions on issue or transfer of the Voting Shares.
- (e) Neither any shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or in intended pursuance of these provisions or any breach or alleged breach of such provisions.

**SCHEDULE 10.1(6)**  
**REGULATORY APPROVALS**

Competition Act Approval.

**ASSIGNMENT AND AMENDING AGREEMENT**

**THIS ASSIGNMENT AND AMENDING AGREEMENT** is made as of this 10<sup>th</sup> day of June, 2010 (this "Assignment and Amending Agreement").

**B E T W E E N:**

**7535538 CANADA INC.**

("Holdco")

- and -

**CW ACQUISITION LIMITED PARTNERSHIP**

(the "Assignor")

- and -

**7536321 CANADA INC.**

(the "Assignee")

- and -

**CANWEST LIMITED PARTNERSHIP / CANWEST  
SOCIETE EN COMMANDITE**

("Canwest LP")

- and -

**CANWEST (CANADA) INC.**

("Canwest GP")

- and -

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

("CPI")

- and -

**CANWEST BOOKS INC.**

("Canwest Books", and collectively with Holdco, the Assignor, the Assignee, Canwest LP, Canwest GP and CPI, the "Parties")

WHEREAS Holdco, the Assignor, Canwest LP, Canwest GP, CPI and Canwest Books have entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") dated as of May 10, 2010 (the "Effective Date");

AND WHEREAS the Assignor wishes to assign the Asset Purchase Agreement to the Assignee;

AND WHEREAS the Parties wish to amend the Asset Purchase Agreement on the terms and conditions set out in this Assignment and Amending Agreement.

THEREFORE in consideration of the agreements herein contained and for other good and valuable consideration (the receipt and adequacy whereof is hereby acknowledged) the Parties agree as follows:

#### ARTICLE 1 INTERPRETATION

##### 1.1 Defined Terms

Unless otherwise defined in this Assignment and Amending Agreement, capitalized terms used in this Assignment and Amending Agreement shall have the definitions attributed to them in the Asset Purchase Agreement.

##### 1.2 No Strict Construction

The language used in this Assignment and Amending Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

#### ARTICLE 2 ASSIGNMENT AND ASSUMPTION

##### 2.1 Assignment and Assumption of Asset Purchase Agreement

- (a) The Assignor hereby transfers, sells, conveys, assigns and delivers unto the Assignee, its successors and assigns, and the Assignee hereby acquires and accepts, effective as of the Effective Date, all of the Assignor's right, title and interest in and to the Asset Purchase Agreement.
- (b) the Assignee hereby assumes the obligations of the Assignor under the Asset Purchase Agreement, effective as of the Effective Date, and shall pay, keep, observe, perform and discharge all of the terms, covenants, conditions, obligations and liabilities of the Assignor thereunder.
- (c) From and after the Effective Date (i) the Assignee shall be the "Purchaser" under the Asset Purchase Agreement and have all of the rights, benefits, obligations and liabilities of the "Purchaser" thereunder and under any other agreements or documents required to be delivered pursuant to the Asset Purchase Agreement

and shall be bound by the provisions thereof; and (ii) the Assignor relinquishes all of its rights and benefits and is released from its obligations and liabilities under the Asset Purchase Agreement and under any other agreements or documents required to be delivered pursuant to the Asset Purchase Agreement.

## 2.2 Consent and Release

Each of the Parties consents to the assignment and assumption of the Asset Purchase Agreement by the Assignor to the Assignee as set forth in Section 2.1 above and fully releases the Assignor of any and all obligations and liabilities in respect of the Asset Purchase Agreement.

## ARTICLE 3 AMENDMENTS

### 3.1 Amendments to Article 1

- (a) The definition of "Equity Sponsors" contained in Section 1.1 of the Asset Purchase Agreement is deleted and replaced with the following:

"Equity Sponsors" has the meaning given to it in Section 8.6(2)."

- (b) The definition of "Government Priority Claims" contained in Section 1.1 of the Asset Purchase Agreement is deleted and replaced with the following:

"Government Priority Claims" means all Claims of Governmental Authorities in respect of amounts that are outstanding and that are of a kind that could be subject to a demand on or before the Final Distribution Date (as defined in the CCAA Plan) under:

- (a) subsections 224(1.2) and 224(1.3) of the ITA;
- (b) any provision of the Canada Pension Plan or the Employment Insurance Act (Canada) that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the Canada Pension Plan, or employee's premium or employer's premium as defined in the Employment Insurance Act (Canada), or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
  - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
  - (ii) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined

in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection."

- (c) The definition of "**Purchaser Established Benefit Plans**" contained in Section 1.1 of the Asset Purchase Agreement is deleted and replaced with the following:

"**Purchaser Established Benefit Plans**" has the meaning given to it in Section 5.2(5)."

- (d) The following definition is added to Section 1.1 of the Asset Purchase Agreement:

"**Original Equity Sponsors**" has the meaning given to it in Section 8.6(1)."

- (e) The following definition is added to Section 1.1 of the Asset Purchase Agreement:

"**Second Amended and Restated Equity Commitment Letter**" has the meaning given to it in Section 8.6(2)."

- (f) The following definition is added to Section 1.1 of the Asset Purchase Agreement:

"**Share Consideration**" means that number of Common Shares of Holdco, rounded down to the nearest whole number, which is equal to the difference between:

- (a) 13,000,000; and
- (b) the aggregate of the Cash Elected Amounts in respect of all Proven Claims of unsecured creditors of the LP Entities who have made, or who have been deemed to have made, a valid Cash Election in accordance with the CCAA Plan divided by \$11.54."

### 3.2 Amendments to Article 2

- (a) Section 2.2(1)(c) of the Asset Purchase Agreement is deleted in its entirety and replaced with the following:

"the value of the Share Consideration as at the Acquisition Date; and"

- (b) Section 2.3(1)(d) of the Asset Purchase Agreement is deleted in its entirety and replaced with the following:

"the amount referred to in Section 2.2(1)(c) shall be satisfied by the issuance by Holdco, at the direction of the Purchaser, to CPI of the Share Consideration; and"

- (c) Section 2.4(1)(d) of the Asset Purchase Agreement is deleted in its entirety and replaced with the following:



"the Share Consideration to be issued to CPI pursuant to Section 2.3(1)(d) shall be distributed by the Monitor to unsecured creditors of the LP Entities (other than any unsecured creditors who have made or who have been deemed to have made a valid Cash Election) in accordance with the CCAA Plan."

### 3.3 Amendments to Article 8

- (a) Section 8.6(1) of the Asset Purchase Agreement is deleted in its entirety and replaced with the following:

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

- (b) The following provision is added as Section 8.6(2) of the Asset Purchase Agreement:

"(2) On June 10, 2010, Purchaser delivered to the LP Entities and the Monitor a true and complete copy of the following commitment letter amending and restating the commitments provided under the Equity Commitment Letter: (i) equity commitments pursuant to an executed, second amended and restated equity commitment letter (the "Second Amended and Restated Equity Commitment Letter") dated June 9, 2010 made by each of the Original Equity Sponsors and each of 8AN Capital Partners Master Fund, LP, Longacre Opportunity Fund, L.P., TIG Advisors, LLC, Troob Capital Management LLC, The Catalyst Credit Opportunity Master Fund, Ltd., Archview Investment Group LP, Marblegate Asset Management, LLC, Stark Master Fund Ltd., Stark Criterion Master Fund Ltd. and Citigroup Global Markets Inc. (collectively with the Original Equity Sponsors, the "Equity Sponsors") in favour of Purchaser and Holdco. The commitments described in the Second Amended and Restated Equity Commitment Letter are not subject to any condition precedent other than the conditions expressly set forth therein. As of June 10, 2010, the Second Amended and Restated Equity Commitment Letter is in full force and effect, unamended and is a legal, valid and binding obligation of Purchaser and Holdco and the Equity Sponsors. As of June 10, 2010: (i) no amendment or modification to the Second Amended and Restated Equity Commitment Letter is contemplated (except to add additional Equity Sponsors), and (ii) as of June 10, 2010 no event has occurred which, with or without notice, lapse of time or both, would constitute a default or breach on the part of the Purchaser or Holdco under the Second Amended and Restated Equity Commitment Letter that would, in either (i) or (ii), reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement. As of June 10, 2010, Purchaser and Holdco have no reason to believe that they will be unable to satisfy on a timely basis any term or condition of closing of the financing to be satisfied by either of them contained in the Second Amended and Restated Equity Commitment Letter and neither Purchaser nor Holdco is aware of any fact, occurrence or condition that would reasonably be expected to cause such financing commitment to terminate or be ineffective or any of the terms or conditions of closing of such financing not to be met or of any impediment to the funding of the cash payment obligations of Purchaser in connection with the Acquisition."

### 3.4 Amendments to Article 9

(a) Section 9.14 of the Asset Purchase Agreement is deleted in its entirety and replaced with the following:

- "(1) Without limiting the generality of Section 9.2, Purchaser and Holdco will use their and will cause the Equity Sponsors to use their commercially reasonable efforts to consummate the financing contemplated by the Debt Commitment Letter and the Second Amended and Restated Equity Commitment Letter no later than the Acquisition Date.
- (2) Purchaser and Holdco will use commercially reasonable efforts to satisfy, on a timely basis, all covenants, terms, representations and warranties within their control applicable to Purchaser or Holdco in the Debt Commitment Letter and the Second Amended and Restated Equity Commitment Letter and accommodate the financing provided for under the Debt Commitment Letter and the Second Amended and Restated Equity Commitment Letter.

- (3) Purchaser and Holdco will use commercially reasonable efforts to negotiate and enter into definitive credit or loan or other agreements and all other documentation with respect to the financings contemplated in this Section 9.14 as may be necessary for Purchaser and Holdco to obtain such funds, on the basis described in this Section 9.14 and otherwise on terms and conditions no less favourable than those contained in the Debt Commitment Letter and the Second Amended and Restated Equity Commitment Letter, and otherwise on terms and conditions which do not materially impair the ability of Purchaser or Holdco to perform their obligations hereunder or to effect the Acquisition, as soon as reasonably practicable but in any event prior to August 15, 2010. Purchaser and Holdco will deliver to the LP Entities correct and complete copies of such executed definitive agreements and documentation promptly when available and drafts thereof from time to time upon request by the LP Entities.
- (4) Purchaser and Holdco will keep the LP Entities informed with respect to all material activity concerning the status of the financings referred to in this Section 9.14 and will give the LP Entities prompt notice of any material change with respect to any such financings. Without limiting the generality of the foregoing, Purchaser and Holdco agree to notify the LP Entities promptly if at any time prior to the Acquisition Date: (a) the Debt Commitment Letter or the Second Amended and Restated Equity Commitment Letter will expire or be terminated for any reason; (b)(i) any event occurs that, with or without notice, lapse of time or both, would individually or in the aggregate, constitute a default or breach on the part of Purchaser or Holdco under any material term or condition of the Debt Commitment Letter or the Second Amended and Restated Equity Commitment Letter or definitive agreement or documentation referred to in this Section 9.14; or (ii) if Purchaser or Holdco has any reason to believe that it will be unable to satisfy, on a timely basis, any term or condition of any funding referred to in this Section 9.14 to be satisfied by it, that, in case of either (i) or (ii) would reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement; or (c) any financing source that is a party to the Debt Commitment Letter or the Second Amended and Restated Equity Commitment Letter (i) advises Purchaser or Holdco in writing that such source either no longer intends to provide or underwrite any financing referred to in this Section 9.14 on the terms set forth in the Debt Commitment Letter or the Second Amended and Restated Equity Commitment Letter, as applicable; or (ii) requests amendments or waivers to the Second Amended and Restated Equity Commitment Letter or the Debt Commitment Letter, as applicable, as a result of which it would reasonably be expected that the transactions contemplated by this Agreement would be materially impaired, delayed or prevented.
- (5) Other than in connection with and as contemplated in this Agreement, none of Purchaser, Holdco or any Equity Sponsor will, without the prior written consent of the LP Entities, take any action or enter into any transaction, including any merger, acquisition, joint venture, disposition, lease, contract or debt or equity financing, that would reasonably be expected to materially impair, delay or prevent Purchaser or Holdco obtaining any of the financings contemplated by this Section 9.14.

- (6) Purchaser and Holdco will not amend or alter, or agree to amend or alter, the Debt Commitment Letter or the Second Amended and Restated Equity Commitment Letter or any definitive agreement or documentation referred to in this Section 9.14 in any manner that would reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement, in each case without the prior written consent of the LP Entities.
- (7) If the Debt Commitment Letter or Second Amended and Restated Equity Commitment Letter is terminated or modified in a manner materially adverse to Purchaser's or Holdco's ability to complete the transactions contemplated by this Agreement for any reason, Purchaser and Holdco will use commercially reasonable efforts to:
- (a) obtain, as promptly as practicable, and, once obtained, provide the LP Entities with a copy of, a new financing commitment that provides for at least the same amount of financing as contemplated by the Debt Commitment Letter and/or the Second Amended and Restated Equity Commitment Letter, as the case may be, on a basis that is not subject to any condition precedent materially less favourable from the perspective of the LP Entities than the conditions precedent contained in the Debt Commitment Letter, or the Second Amended and Restated Equity Commitment Letter, as the case may be, and otherwise on terms and conditions not materially less favourable from the perspective of the LP Entities;
  - (b) negotiate and enter into definitive credit, loan or other agreements and all required documentation with such third parties as may be necessary for the Purchaser to obtain such funds (to the extent reasonably practicable, on terms and conditions not materially less favourable than the Debt Commitment Letter or the Second Amended and Restated Equity Commitment Letter, as the case may be, being replaced) and on the basis described in this Section 9.14 and on terms and conditions consistent with such new financing commitment, as soon as reasonably practicable but in any event prior to August 15, 2010, and deliver to the LP Entities correct and complete copies of such executed definitive agreements and documentation promptly upon request by the LP Entities;
  - (c) satisfy, on a timely basis, all covenants, terms, representations and warranties applicable to Purchaser or Holdco in respect of such new financing commitments and all other required agreements and documentation referred to in this Section 9.14(7) and enforce its rights under such new financing commitments and agreements and documentation; and
  - (d) obtain funds under such financing commitments to the extent necessary to consummate the transactions contemplated by this Agreement.

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

### 3.5 Amendments to Schedule 9.13

- (a) Section 3.5(c)(i) of Schedule 9.13 to the Asset Purchase Agreement is deleted in its entirety and replaced with the following:

"such Limited Voting Common Share is or becomes beneficially owned and controlled, directly or indirectly, by a person that is not a Non-Canadian unless such Limited Voting common share resulted from the exercise of a right described in section 2.5(b); or"

## ARTICLE 4 EFFECT ON THE ASSET PURCHASE AGREEMENT

### 4.1 Asset Purchase Agreement to Remain in Full Effect

Except as specifically amended by this Assignment and Amending Agreement, the Asset Purchase Agreement shall continue to be in full force and effect, without amendment, and is hereby in all respects ratified and confirmed. The Asset Purchase Agreement shall henceforth be read and construed in conjunction with this Assignment and Amending Agreement and references to the "Agreement" in the Asset Purchase Agreement or in any other document delivered in connection with, or pursuant to, the Asset Purchase Agreement, shall mean the Asset Purchase Agreement, as amended hereby. If any of the terms or provisions of this Assignment and Amending Agreement or any portion of a term or provision hereof or the application of any term or provision hereof conflicts to any extent with any term or provision of the Asset Purchase Agreement or any portion of a term or provision thereof or the application of any term or provision thereof, the terms and provisions of this Assignment and Amending Agreement shall prevail.

## ARTICLE 5 MISCELLANEOUS

### 5.1 Headings

The inclusion in this Assignment and Amending Agreement of headings of Articles and Sections are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.

### 5.2 Governing Law

This Assignment and Amending 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.

### 5.3 Severability

If any provision of this Assignment and Amending 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 Assignment and Amending Agreement; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

#### **5.4 Assignment**

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

#### **5.5 Further Assurances**

The Parties shall do, make, execute or deliver or cause to be done, all such further acts and such further documents, instruments, agreements and things as may be necessary from time to time in order to give effect to this Assignment and Amending Agreement and to carry out the intent hereof.

#### **5.6 Execution**

This Assignment and Amending 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 Assignment and Amending 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 Assignment and Amending Agreement to the receiving Party.

*[Signature page follows.]*

IN WITNESS WHEREOF the Parties have caused this Assignment and Amending Agreement to be executed by their duly authorized representatives as of the date first specified above.

7535538 CANADA INC.

By: 

Name:

Title:

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

By: 

Name:

Title:

7536321 CANADA INC.

By: 

Name:

Title:

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

By: \_\_\_\_\_

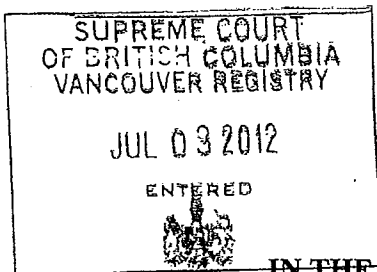
Name:

Title:

By: \_\_\_\_\_

Name:

Title:



No. S120712  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,  
R.S.C. 1985, c. C-44

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c. 57

AND

IN THE MATTER OF CATALYST PAPER CORPORATION  
AND THE PETITIONERS LISTED IN SCHEDULE "A"

PETITIONERS

ORDER MADE AFTER APPLICATION

SANCTION ORDER

BEFORE THE HONOURABLE	)	
MR. JUSTICE SEWELL	)	<i>AS</i> /June/2012
	)	

ON THE APPLICATION of the Petitioners and Catalyst Paper General Partnership (collectively, the "**Petitioner Parties**") coming on for hearing at Vancouver, British Columbia, on the ~~28~~ day of June, 2012; AND ON HEARING, Bill Kaplan, Q.C., Jeff Langlois, and Andrew Crabtree, counsel for the Petitioner Parties, John Grieve and Kibben Jackson, counsel for the Monitor PricewaterhouseCoopers Inc., and those other counsel listed in **Schedule "B"** hereto; AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

### **SERVICE**

1. The time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today and service thereof upon any person other than those on the Service List be and is hereby dispensed with.

### **DEFINITIONS**

2. Any capitalized terms not otherwise defined in this Order (the “**Sanction Order**”) shall have the meanings given to them in the Second Amended and Restated Plan of Compromise and Arrangement concerning, affecting and involving the Petitioner Parties dated June 14, 2012 (the “**Plan**”), a copy of which is attached hereto as **Schedule “C”**.

### **THE MEETINGS**

3. There has been good and sufficient service and delivery to all Affected Creditors of the Orders granted by this Court on March 22, 2012 and on June 18, 2012 (the “**Supplemental Meetings Order**”), and all documents referred to in the Supplemental Meetings Order, including the Plan and the Information Package (as defined in the Supplemental Meetings Order).

4. The Unsecured Creditors Meeting was duly convened and held in conformity with the CCAA and all applicable Orders of the Court made in these proceedings, including the Supplemental Meetings Order.

5. The First Lien Noteholders Meeting was duly convened and held in conformity with the CCAA and all applicable Orders of the Court made in these proceedings, including the Supplemental Meetings Order.

### **SANCTION OF THE PLAN**

6. The two relevant classes of Affected Creditors for the purpose of voting to approve the Plan are the First Lien Notes Claims Class and the Unsecured Claims Class.

7. The Plan has been agreed to and approved by the Required Majorities of each Class in conformity with the CCAA.

8. The Petitioner Parties have complied with the provisions of the CCAA and the Orders of the Court made in these proceedings.

9. The Petitioner Parties have not done or purported to do anything that is not authorized by the CCAA.

10. The Plan and transactions contemplated thereby are procedurally and substantively fair and reasonable, not oppressive and are in the best interests of the Petitioner Parties and the Persons affected by the Plan.

11. The Plan is hereby finally and absolutely sanctioned and approved pursuant to the provisions of the CCAA and, at the Effective Date, all terms, conditions, compromises and releases set forth in the Plan are binding and effective on all Persons or parties named or referred to in, affected by or subject to the Plan.

#### **PLAN IMPLEMENTATION**

12. The Petitioner Parties are hereby authorized and directed to take all actions necessary or appropriate, in each case consistent with and in accordance with the terms of the Plan and this Sanction Order, to enter into, adopt, execute, deliver, implement and consummate the contracts, instruments, releases, and all other agreements or documents to be created or which are to come into effect in connection with the Plan, and all matters contemplated under the Plan involving any corporate action of the Petitioner Parties on behalf of the Petitioner Parties, and such actions are hereby approved and will occur and be effective in accordance with the Plan and this Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the Petitioner Parties. Further, to the extent not previously given, all necessary approvals to take such action shall be and are hereby deemed to have been obtained from the directors or the shareholders of the Petitioner Parties, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution, and no shareholders' agreement or agreement between a shareholder and another Person limiting in any

way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated in the Plan shall be effective or have any force or effect.

13. The Petitioner Parties are hereby authorized and directed to take all actions necessary or appropriate to comply with any and all orders issued by the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) in the pending Chapter 15 Proceedings. The Petitioner Parties are further authorized and directed to take all actions necessary or appropriate to seek to obtain an order from the U.S. Court under chapter 15 of the U.S. Bankruptcy Code recognizing that the instant Order is in full force and effect in the United States.

14. The Monitor is hereby authorized and directed to take all steps and actions, and to do all things, required of the Monitor to facilitate the implementation of the Plan, in each case consistent with and in accordance with its terms, and, where necessary or appropriate to do so, to enter into, execute, deliver, implement and consummate all of the steps, transactions, certificates and agreements contemplated by the Plan.

15. Upon the delivery of a certificate substantially in the form attached hereto as **Schedule “D”** (the “**Monitor's Certificate**”) by the Monitor to the Court in accordance with Section 5.3 of the Plan, which confirms that the conditions precedents have been satisfied or waived in accordance with Section 5.2 of the Plan and that confirms that the Monitor knows of no reason why the Plan could not be implemented forthwith, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are and shall be implemented in accordance with the provisions of the Plan.

16. As of the Effective Date the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby shall be binding and effective in accordance with the provisions of the Plan, and shall enure to the benefit of and be binding upon the Petitioner Parties, all Affected Creditors, Existing Shareholders, past and present directors or officers of the Petitioner Parties, including de facto directors and officers, if any, and all other Persons named or referred to in, affected by, or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

17. The Petitioner Parties' obligations pursuant to the SISP are hereby suspended, other than as otherwise provided for in the Plan in relation to PREI, and all time periods in the SISP will be tolled and will resume in the event that the Plan does not become effective within the time period specified in Section 6.1(a)(vi) of the Restructuring and Support Agreement. If the Plan becomes effective within the time period specified in Section 6.1(a)(vi) of the Restructuring and Support Agreement, other than as otherwise provided for in the Plan in relation to PREI, the Petitioner Parties will have no obligations pursuant to the SISP.

#### **COMPROMISE OF CLAIMS AND EFFECT OF PLAN**

18. Pursuant to and in accordance with the Plan, any and all Affected Claims of any nature shall be forever compromised, discharged and released, and the ability of any Person to proceed against the Petitioner Parties in respect of or relating to any Affected Claims shall be forever barred, discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claim are hereby permanently stayed, subject only to the rights of Affected Creditors to receive distributions in respect of their Affected Claims pursuant to, and in accordance with, the Plan and this Sanction Order.

19. Notwithstanding, (i) the pendency of the CCAA Proceedings and the declaration of insolvency made therein; (ii) any applications for a bankruptcy order now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of any of the Petitioner Parties and any bankruptcy order issued pursuant to any such applications; (iii) any assignment in bankruptcy made in respect of any of the Petitioner Parties; or (iv) the provisions of any federal or provincial statute, the transactions, payments, steps, and releases or compromises made during the CCAA Proceedings or contemplated to be performed or effected pursuant to the Plan and this Sanction Order (a) shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Petitioner Parties; (b) shall not be void or voidable; (c) shall not constitute or be deemed to be a fraudulent preference or assignment, fraudulent conveyance, transfer at undervalue, preference or any other challengeable or voidable transaction under the BIA or any other applicable federal or provincial legislation; and (d) shall not constitute or be deemed to be oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

20. The determination of Allowed Claims in accordance with the Claims Procedure Order, the Supplemental Meetings Order and the Plan shall be final and binding on the Petitioner Parties and all Affected Creditors.

21. For distribution purposes under the Plan, an Affected Claim against any of the Petitioner Parties and all guarantees and indemnities of any of the Petitioner Parties of any such Affected Claim will be treated as a single Affected Claim against all Petitioner Parties.

22. Without limiting the provisions of the Claims Procedure Order, the Supplemental Meetings Order or the Plan, an Affected Creditor that did not file a Proof of Claim by the Claims Bar Date or otherwise in accordance with the provisions of the Claims Procedure Order, the Supplemental Meetings Order and the Plan, whether or not such Affected Creditor received direct notice of the claims process established by the Claims Procedure Order, shall be and is hereby forever barred from making any Claim against the Petitioner Parties and shall not be entitled to any distribution under the Plan, and such Affected Creditor's Claim shall be and is hereby forever barred and extinguished. Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or the Restructuring Claims Bar Date (as defined in the Claims Procedure Order), or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order, the Supplemental Meetings Order, the Plan or this Sanction Order.

23. Each Affected Creditor is hereby deemed to have consented and agreed to all of the provisions in the Plan in its entirety, and each Affected Creditor is hereby deemed to have executed and delivered to the Petitioner Parties all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

24. As of the Effective Date, all compromises, waivers, releases and injunctions effected by the Plan (including but not limited to those in sections 7.2, 7.3, 7.4 and 7.5 of the Plan) are hereby approved, binding and effective as set out in the Plan on all Affected Creditors, Existing Shareholders, and any and all other Persons affected by the Plan.

25. Without limiting the generality of paragraph 24 of this Sanction Order, as of the Effective Date, each of the Released Parties (as that term is defined in the Plan) and the Catalyst

Timberwest Retired Salaried Employees Association (“RSEA”) (as well as RSEA’s directors, officers and legal advisors) (the “RSEA Released Parties”), as applicable, shall be released and discharged from any and all demands, claims, liabilities, obligations, causes of action, damages, executions or other recoveries, known or unknown, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Date relating to, arising out of, or in connection with the Securities, the First Lien Notes Indentures, the Unsecured Notes Indenture, the Restructuring and Support Agreement, the Plan, the Prior CBCA Proceedings, the CCAA Proceedings, the Chapter 15 Proceedings, and any proceedings commenced with respect to or in connection with the Plan; provided, however, that nothing in this paragraph shall release or discharge any of the Released Parties or the RSEA Released Parties, as applicable, from or in respect of its obligations under the Plan or the Restructuring and Support Agreement and to comply with and to make the distributions set out therein; provided, further, however, that such release and discharge shall not include any Unaffected Claims against the Petitioner Parties or any claims with respect to matters set out in Section 5.1(2) of the CCAA, and provided, further, however, that nothing herein will release or discharge a Released Party or RSEA Released Parties, as applicable, if the Released Party or RSEA Released Parties, as applicable, is determined by a Final Order of a court of competent jurisdiction to have committed wilful misconduct or fraud in connection with any of the foregoing.

26. The appointment of the Claims Officer, if any, shall cease as of the Effective Date except with respect to matters to be completed pursuant to the Plan after the Effective Date (including the resolution of any Disputed Claims pursuant to the Claims Procedure Order).

#### **DISTRIBUTIONS UNDER THE PLAN**

27. As of the Effective Date, the Articles of Catalyst will be amended pursuant to Articles of Reorganization. Subject to and in accordance with its terms, the Articles of Reorganization will (i) re-designate the existing common shares of Catalyst as “Old Common Shares” (the “Old Common Shares”); and (ii) create a new class of an unlimited number of common shares to be designated as “New Common Shares” (being the New Common Shares as defined in, and to be distributed under, the Plan) which shall have the same rights, privileges, restrictions and



- 8 -

conditions attaching to the Old Common Shares and will make such other amendments as Catalyst deems appropriate, subject to the consent of the Monitor and the Steering Group.

28. As of the Effective Date and prior to the steps described in paragraph 29, the stated capital account of the Old Common Shares will be reduced by \$384,534,000, less the aggregate principal amount of the New First Lien Notes and the fair market value of the New Common Shares to be issued and distributed pursuant to paragraph 31 hereof, and the stated capital account of the New Common Shares will be increased by \$384,534,000, less the aggregate principal amount of the New First Lien Notes and the fair market value of the New Common Shares to be issued and distributed pursuant to paragraph 31 hereof.

29. As of the Effective Date, except as otherwise provided in the Plan and in this Sanction Order, all notes, shares, instruments, certificates, indentures, guarantees, and other documents or agreements evidencing the First Lien Notes Claims, the Unsecured Notes Claims and Equity Interests including, without limitation, the First Lien Notes, the Unsecured Notes, the First Lien Notes Indentures, and the Unsecured Notes Indenture, are deemed cancelled and are of no further force or effect, whether surrendered for cancellation or otherwise, and the obligations of the Petitioner Parties thereunder or in any way related thereto are satisfied and discharged, except to the extent expressly set forth in section 6.1 of the Plan. Notwithstanding the foregoing, (i) the aggregate principal amount of the First Lien Notes Claims equal to (x) the fair market value of the New Common Shares and (y), the aggregate principal amount of the New First Lien Notes shall be cancelled and of no further force and effect, whether surrendered for cancellation or otherwise, at 12:01 a.m. on the Business Day next following the Effective Date, and (ii) the Equity Interests shall be cancelled and be of no further force and effect immediately after the issuance of the New Common Shares pursuant to section 6.2 of the Plan.

30. The First Lien Notes Indenture Trustee shall be authorized to execute releases of the property and other assets comprising the Collateral (as such term is defined in the First Lien Notes Indentures, attached as Exhibits "B" and "C" to Affidavit #3 of Brian Baarda made on January 31, 2012) from the Liens created by the Collateral Documents (as such term is defined in the First Lien Notes Indenture), in the forms prepared by the Petitioner Parties, at the written

request of the Petitioner Parties (without the delivery of an officer's certificate or opinion) subject to paragraph 29 above.

31. At 12:01 a.m. on the Business Day following the Effective Date, the Petitioner Parties shall issue the Plan Securities pursuant to and in accordance with section 6.2 of the Plan and thereafter be distributed in accordance with the terms of the Plan.

32. On the Business Day next following the Effective Date, and after the steps described in paragraphs 29 and 31, the Articles of Catalyst will be further amended pursuant to second Articles of Reorganization. Subject to and in accordance with its terms, the second Articles of Reorganization will cancel and eliminate the Old Common Shares, will re-designate the "New Common Shares" as "Common Shares" and will make such other amendments as Catalyst deems appropriate, subject to the consent of the Monitor and the Steering Group.

33. All distributions and payments by or at the direction of the Petitioner Parties or the Monitor, on behalf of the Petitioner Parties, to the Affected Creditors under the Plan are for the account of the Petitioner Parties and the fulfilment of their obligations under the Plan.

#### **STAY OF PROCEEDINGS**

34. The stay of proceedings and all other relief granted in the Amended and Restated Initial Order shall be and is hereby extended until the later of September 30, 2012 and the Effective Date or such other date as may subsequently be ordered by this Court.

35. As of and from the Effective Date and except to the extent expressly contemplated by the Plan, all contracts, obligations or agreements to which any of the Petitioner Parties is a party (including all equipment leases and real property leases) shall be and remain in full force and effect as between the Petitioner Parties and any counterparty, unamended as of the Effective Date, unless terminated, disclaimed or repudiated by a Petitioner Party during these proceedings, and no Person who is a party to any such contract, obligation or agreement shall, on or after the Effective Date, accelerate, terminate, rescind, refuse to renew, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise, or purport to enforce or exercise, any right (including any right of set-off, combination of accounts, dilution, buy out, divestiture,

- 10 -

forced purchase or sale option or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:

- (a) any event, fact or matter which existed or occurred on or before, and is not continuing after the Effective Date or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any Petitioner Party);
- (b) any Petitioner Party having sought, obtained or pursued relief under the CCAA or under the US Bankruptcy Code;
- (c) any default or event of default arising as a result of the financial condition or insolvency of the Petitioner Parties prior to the Effective Date;
- (d) any effect upon the Petitioner Parties of the completion of any of the transactions contemplated under the Plan or completed during the CCAA Proceedings or the Chapter 15 Cases; or
- (e) any compromises, arrangements, reorganizations or transactions effected pursuant to the Plan or completed during the CCAA Proceedings or the Chapter 15 Cases.

36. Any and all Persons shall be and are hereby stayed from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party or the RSEA Released Parties in respect of all Claims and any matter which is released pursuant to this Sanction Order and section 7.3 of the Plan.

37. As of the Effective Date, the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedy or recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the Plan is permanently enjoined.

- 11 -

38. Subject to further order of the Court, all CCAA Charges shall continue in effect until the Effective Date and all obligations secured thereby are either (i) paid in full or (ii) otherwise secured, satisfied or arranged on terms acceptable to the Petitioner Parties, the beneficiaries of the CCAA Charges and an individual to be appointed by the Steering Group.

39. The obligations of the Critical Suppliers under the Critical Supplier Order shall be terminated as of the Effective Date.

### **THE MONITOR**

40. As of the Effective Date, the Monitor shall be discharged and released from its duties other than those obligations, duties and responsibilities necessary or required to give effect to the terms of the Plan, the Claims Procedure Order and this Sanction Order.

41. The actions and conduct of the Monitor in the CCAA Proceeding are hereby approved and the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order. In addition to the protections in favour of the Monitor as set out in the Initial Order and the CCAA, the Monitor shall not be liable for any act or omission on its part, including with respect to any reliance thereon, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of duties under the Plan or as requested by the Petitioner Parties or with respect to any other duties or obligations in respect of the implementation of the Plan, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Subject to the foregoing, and in addition to the protections in favour of the Monitor as set out in the Plan, the Orders of this Court and the CCAA, any claims against the Monitor in connection with the performance of its duties as Monitor are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

42. No action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave pursuant to an order of this Court made on prior written notice to the Monitor and provided any such order granting leave includes a term granting the Monitor security for its costs and the costs of its

counsel in connection with any proposed action or proceeding, such security to be on terms this Court deems just and appropriate.

43. The Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided for herein and in the Initial Order, shall be and is hereby authorized, directed and empowered to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of, and distributions to Affected Creditors under, the Plan.

44. Upon completion by the Monitor of its duties pursuant to the CCAA, the Plan and all applicable Orders of this Court, the Monitor may file with the Court a Certificate of Plan Termination, substantially in the form attached hereto as **Schedule "E"**, stating that all of its aforementioned duties have been completed and thereupon, PricewaterhouseCoopers Inc. shall be deemed to be discharged from its duties as Monitor of the Petitioner Parties.

#### **AID AND RECOGNITION OF THIS SANCTION ORDER**

45. This Sanction Order shall have full force and effect in all Provinces and Territories of Canada and abroad as against all Persons against whom it may otherwise be enforced.

46. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any Federal or State Court or administrative body in the United States of America, (including, without limitation, the United States Bankruptcy Court for the District of Delaware), to act in aid of and to be complementary to this Court in carrying out the terms of this Sanction Order and the Plan where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to assist the Petitioner Parties, CPC, the Monitor and the respective agents of each of the foregoing in carrying out the terms of this Sanction Order and the Plan.

#### **ADDITIONAL PROVISIONS**

47. The Petitioner Parties shall be and are hereby authorized to execute and deliver all stock transfer instruments, omnibus directions and other instruments and instructions which are necessary or advisable in the reasonable business judgment of the Petitioner Parties to effect the

- 13 -

distribution of New Common Shares in accordance with the Plan, and third party brokers, as applicable, shall be and are hereby authorized and directed to accept all such stock transfer instruments, omnibus directions, and other instruments and instructions when received.

48. At any time prior to the Effective Time, the Petitioner Parties, the Monitor, the Steering Group, any Affected Creditor or any other interested Person may apply to this Court for advice and direction, or to seek relief in respect of, any matters arising out of or incidental to the Plan and this Sanction Order, including without limitation the interpretation of this Sanction Order and the Plan or the implementation thereof, and for any further Order that may be required, on notice to any party likely to be affected by the Order sought or on such notice as this Court orders.

49. As of the Effective Date, any and all claims for Post-Filing Interest and Costs, save and except for those claims for interest payable under paragraph 25(j) of the Critical Supplier Order and for those claims for Post-Filing Interest and Costs that have been Allowed pursuant to the Claims Procedure Order, shall be released and discharged.

50. Notwithstanding any other provisions in this Sanction Order, the Plan or the CCAA Proceedings, the rights of the public authorities of British Columbia to take the position in or with respect to any future proceedings under environmental legislation in connection with the Elk Falls site that this or any other Order made in the CCAA Proceedings does not affect such proceedings by reason that (a) any responsibilities under that legislation, or any such proceedings, are not in relation to a claim within the meaning of the CCAA, (b) it is otherwise beyond the jurisdiction of Parliament or a court under the CCAA to affect those responsibilities or proceedings in any way, or (c) in the alternative, those responsibilities or proceedings should not in the exercise of this Court's discretion be extinguished or stayed, is fully reserved; as is reserved the right of any affected party to take any position to the contrary. For greater certainty, nothing in this Sanction Order, the Plan or these CCAA Proceedings affects the ongoing application or operation of provincial environmental legislation to Catalyst or any other past, present or future owner or operator

(a) of any of the property or assets of Catalyst other than the Elk Falls site; and

- 14 -

- (b) without further Order of this Court in these CCAA proceedings, of the Elk Falls site.

51. The Petitioner Parties are authorized at any time and from time to time to vary, amend, modify or supplement the Plan without the need for obtaining a further Order of the Court or providing notice to the Creditors if the Petitioner Parties and the Monitor, acting reasonably and in good faith, determine the variation, amendment, modification or supplement in the Plan to be (i) of a technical or administrative nature that would not prejudice the interests of any of the Creditors under the Plan and (ii) necessary in order to give effect to the substance of the Plan or the Sanction Order. In the event a material variation, amendment, modification or supplement is required by the Petitioner Parties, such shall be permitted by further Court Order obtained on notice. Notwithstanding the foregoing, the Plan may not be modified, amended or supplemented in any manner without the consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and, solely to the extent of any modification, amendment or supplement materially inconsistent with the Restructuring and Support Agreement, without the consent of the Initial Supporting Unsecured Noteholders.

52. As of the Effective Date, each director of Catalyst is removed from office and terminated in his or her capacity as such and the new directors of Catalyst, as described in Section 6.11 of the Plan and the names of whom are recorded on the Form 6 prepared pursuant to the CBCA and filed with the Court in advance of the Effective Date, are hereby appointed.

53. This Sanction Order will form the basis for an exemption from the registration requirements under section 3(a)(10) of the United States Securities Act of 1933 as amended, in respect of the securities to be issued pursuant to the Plan. In this regard, the Court declares and orders that:

- (a) it has been advised of the intention of the Petitioner Parties to rely on Section 3(a)(10) prior to the hearing required to sanction the Plan;
- (b) the Orders herein provide that each First Lien Noteholder, each Unsecured Noteholder and any other interested party have had and will continue to have the right to appear before the Court;

- 15 -

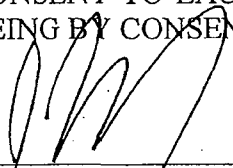
- (c) the First Lien Noteholders, the Unsecured Noteholders and all interested parties on the Service List (as that term is defined in the Amended and Restated Initial Order) were given adequate notice advising them of their rights to attend the hearing of the Court to sanction the Plan and provided them with sufficient information necessary for them to exercise that right, and there are no improper impediments to the appearance by those persons at the hearing;
- (d) the Court is satisfied as to the fairness of the Plan as to all entities whose rights are affected thereby, including but not limited to the First Lien Noteholders and the Unsecured Noteholders, and expressly approves the terms and conditions of the Plan as being procedurally and substantively fair to all entities whose rights are affected thereby, including but not limited to the First Lien Noteholders, the Unsecured Noteholders and the Existing Shareholders.

54. To the extent there is any conflict or inconsistency between any provision(s) of this Sanction Order and the Plan, this Sanction Order shall govern.

#### APPROVAL

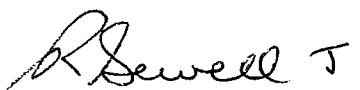
55. Endorsement of this Sanction Order by counsel appearing on this application other than counsel for the Petitioners and counsel for the Ad Hoc Group of 2016 Noteholders, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS SANCTION ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

  
 \_\_\_\_\_  
 Signature of  
 party  lawyer for the Petitioner Parties  
 Bill Kaplan, Q.C

BY THE COURT.



  
 \_\_\_\_\_  
 REGISTRAR.



Signature of

party  lawyer for the Ad Hoc Group of  
2016 Noteholders

John Sandrelli

Registrar

**Schedule "A"****LIST OF ADDITIONAL PETITIONER PARTIES**

Catalyst Pulp Operations Limited

Catalyst Pulp Sales Inc.

Pacifica Poplars Ltd.

Catalyst Pulp and Paper Sales Inc.

Elk Falls Pulp and Paper Limited

Catalyst Paper Energy Holdings Inc.

0606890 B.C. Ltd.

Catalyst Paper Recycling Inc.

Catalyst Paper (Snowflake) Inc.

Catalyst Paper Holdings Inc.

Pacifica Papers U.S. Inc.

Pacifica Poplars Inc.

Pacifica Papers Sales Inc.

Catalyst Paper (USA) Inc.

The Apache Railway Company

**Schedule "B"**

Name of Counsel	Name of Party
Mary Buttery	Powell River Energy Inc., Quadrant Investments Ltd., TimberWest Forest Corp., Western Forest Products and Edward C. Kress, Harry A. Goldgut and Richard Legault, Trustees of Powell River Energy Trust
John Sandrelli Jordan Schultz	A Representative Group of 2016 Noteholders
Benjamin La Borie	Wilmington Trust, National Association
David McKinnon (by telephone)	Ad Hoc Committee of 2014 Noteholders
Dan Rogers	CEP Unions – Locals 1, 76 (Powell River), 592, 686 (Port Alberni), 1132 (Crofton), 630, 1123 (Campbell River)
Patrick Riesterer (by telephone)	Board of Directors of Catalyst
Jennifer Cockbill	JPMorgan Chase Bank, N.A.
David Gruber Melaney Wagner (by telephone)	A Representative Group of 2014 Unsecured Noteholders and certain 2016 Noteholders
Randal Kaardal Caily DiPuma	Catalyst TimberWest Retired Salaried Employees Association
Ari Kaplan Andrew Hatnay	Catalyst Salaried Employees & Pensioner Committee
Evan Cobb Mario Forte (by telephone)	Wells Fargo Bank NA
Sandra Wilkinson	Superintendent of Pensions
Richard Butler (by telephone) Elizabeth Rowbotham	HMTQ in Right of the Province of British Columbia
Heather Ferris	Board of Directors of Catalyst
Elizabeth Pillon (by telephone)	Canexus Chemicals Canada LP
Stefanie Quelch	United Steelworkers International and USW Local 2688
Chris Misura	PPWC Local 2

**Schedule "C" (attached)**



NO. S120712  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

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

**AND**

**IN THE MATTER OF CATALYST PAPER CORPORATION  
AND THE PETITIONERS LISTED IN SCHEDULE "A"**

**PETITIONERS**

---

**SECOND AMENDED AND RESTATED PLAN OF COMPROMISE AND ARRANGEMENT**

---

**PURSUANT TO THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)***

**concerning, affecting and involving**

**CATALYST PAPER CORPORATION AND THE  
PETITIONERS LISTED IN SCHEDULE "A"**

**Amended as at June 14, 2012**

## TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	1
Section 1.1    Definitions.....	1
Section 1.2    Accounting Terms.....	15
Section 1.3    Articles of Reference.....	16
Section 1.4    Interpretation Not Affected by Headings.....	16
Section 1.5    Date for Any Action.....	16
Section 1.6    Time.....	16
Section 1.7    Definitions in the CCAA.....	16
Section 1.8    Number, Etc.....	16
Section 1.9    Currency.....	16
Section 1.10   Statutory References.....	17
Section 1.11   Governing Law.....	17
ARTICLE 2 PURPOSE AND EFFECT OF PLAN.....	17
Section 2.1    Purpose.....	17
Section 2.2    Agreement.....	17
Section 2.3    Affected Creditors.....	17
Section 2.4    Existing Shareholders.....	18
Section 2.5    Unaffected Persons.....	18
ARTICLE 3 CLASSIFICATION AND TREATMENT OF AFFECTED CLAIMS.....	18
Section 3.1    Classification of Affected Claims.....	18
Section 3.2    Treatment of Affected Claims.....	18
Section 3.3    Voting by Affected Creditors.....	20
Section 3.4    Approval by Affected Creditors.....	21
Section 3.5    Unaffected Claims.....	21
Section 3.6    Disputed Claims.....	21
Section 3.7    Extinguishment of Claims.....	21
Section 3.8    Governmental Priority Claims.....	22
ARTICLE 4 SANCTION ORDER.....	23
Section 4.1    Application for Sanction Order.....	23
Section 4.2    Effect of the Sanction Order.....	23
ARTICLE 5 CONDITIONS PRECEDENT TO PLAN IMPLEMENTATION.....	25
Section 5.1    Conditions of Plan Implementation.....	25
Section 5.2    Waiver of Conditions.....	28
Section 5.3    Monitor's Certificate.....	28
Section 5.4    Failure to Satisfy Conditions Precedent.....	28
ARTICLE 6 IMPLEMENTATION OF PLAN.....	28
Section 6.1    Cancellation of Securities and Indentures.....	28
Section 6.2    Issuance of Plan Securities.....	29
Section 6.3    Equity Election.....	29
Section 6.4    Sale of PREI in Accordance with the SISP.....	30
Section 6.5    Amendment of the SISP Order.....	30
Section 6.6    Delivery and Allocation Procedures.....	30
Section 6.7    Tax Election.....	32

Section 6.8	Exchange Warrants .....	32
Section 6.9	Withholding Rights .....	33
Section 6.10	Calculations .....	33
Section 6.11	Initial Board of Directors of Reorganized Catalyst .....	33
Section 6.12	Initial Management of Reorganized Catalyst .....	34
Section 6.13	Restructuring Expenses .....	34
ARTICLE 7 EFFECT OF THE PLAN .....		34
Section 7.1	Binding Effect of the Plan .....	34
Section 7.2	Consents, Waivers and Agreements .....	34
Section 7.3	Release of Released Parties .....	35
Section 7.4	Exculpation .....	35
Section 7.5	Injunction .....	36
Section 7.6	Responsibilities of the Monitor .....	36
ARTICLE 8 GENERAL .....		37
Section 8.1	Amendment .....	37
Section 8.2	Paramourncy .....	37
Section 8.3	Termination .....	38
Section 8.4	Severability .....	38
Section 8.5	Successors and Assigns .....	38
Section 8.6	Further Assurances .....	38
Section 8.7	Entire Agreement .....	39
Section 8.8	Exhibits and Related Documents .....	39
Section 8.9	Notices .....	39

**PLAN OF COMPROMISE AND ARRANGEMENT**  
**PURSUANT TO THE**  
**COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)**

**ARTICLE 1**  
**INTERPRETATION**

**Section 1.1 Definitions**

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

**"ABL Facility"** means the revolving asset based loan facility issued pursuant to an amended and restated credit agreement dated as of May 31, 2011, by JP Morgan Securities LLC and CIBC Asset-Based Lending, Inc.;

**"ABL Facility Claims"** means all outstanding obligations owed to lenders under the ABL Facility;

**"Administration Charge"** means the charge granted pursuant to paragraph 39 of the Amended and Restated Initial Order, as more particularly set out therein, in favour of the Monitor, counsel to the Monitor, counsel to the Debtors, and counsel to the Directors;

**"Affected Claim"** means any Claim that is not an Unaffected Claim;

**"Affected Creditor"** means any Creditor having an Affected Claim in respect of and to the extent of such Affected Claim;

**"Allowed"** means, with respect to a Claim against any Debtor, (i) any Claim in respect of which a Proof of Claim has or is deemed to have been timely filed in accordance with the Claims Procedure Order and in respect of which no objection has been interposed within the applicable period fixed by the Claims Procedure Order, or (ii) any Claim that is Allowed pursuant to the Plan, Claims Procedure Order, or a Final Order of the Court;

**"Amended and Restated Initial Order"** means the Order of the Court dated January 31, 2012, as amended and restated on February 3, 2012, and as subsequently amended by further Order of the Court, and as may be further amended, supplemented or varied by the Court;

**"Business Day"** means any day other than a Saturday, Sunday or a day on which banks in Vancouver, British Columbia, Toronto, Ontario, or New York, New York are authorized or obligated by applicable law to close or otherwise are generally closed;

**"Cash Election"** means an election made by a General Unsecured Creditor, who is not (i) an Extended Health Benefits Creditor, or (ii) otherwise deemed to be a Convenience Creditor in accordance with the terms of the Meetings Order, in full and final satisfaction of his, her or its Allowed Claim, to deem such Creditor's Claim equal to CAD \$10,000 for distribution purposes,



which election shall be deemed a vote in favour of the resolution to approve the Plan at the Unsecured Creditors Meeting in the full filed amount of such Creditor's Allowed Claim;

**"Cash Election Creditor"** means a General Unsecured Creditor who is not (i) an Extended Health Benefits Creditor, or (ii) otherwise deemed to be a Convenience Creditor who makes a valid Cash Election in accordance with the terms of the Meetings Order;

**"Catalyst"** means Catalyst Paper Corporation, a corporation incorporated under the CBCA;

**"Catalyst Companies"** means Catalyst and its Subsidiaries;

**"CBCA"** means the *Canada Business Corporations Act*, R. S. C. 1985, c. C-44, as amended;

**"CCAA"** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

**"CCAA Charges"** means, collectively, the Administration Charge, the DIP Lenders' Charge, the Critical Suppliers' Charge, the D&O Charge, the Financial Advisor Charge, the KERP Charge, the Stalking Horse Reimbursement Charge, and any other charge over the Debtors' assets created by other Order of the Court and included in "Charges" (as such term is defined in the Amended and Restated Initial Order and as such charges may be amended, modified or varied by further Order of the Court);

**"CCAA Proceedings"** means the CCAA proceedings commenced by the Debtors, being British Columbia Supreme Court Action No. S120712, on the Commencement Date pursuant to the Amended and Restated Initial Order;

**"Chapter 15 Proceedings"** means the proceedings commenced under chapter 15 of the U.S. Bankruptcy Code on January 17, 2012, in the U.S. Court, Case No. 12-10221;

**"Claim"** means any Pre-Commencement Claim, Restructuring Claim or Directors/Officers Claim;

**"Claims Bar Date"** means 5:00 p.m. (prevailing Pacific Time) on April 18, 2012, or such other date as may be ordered by the Court;

**"Claims Officer"** shall have the meaning ascribed to such term in the Claims Procedure Order;

**"Claims Procedure Order"** means the Order of the Court, dated March 22, 2012, as amended or varied by further Order, approving and directing the establishment of a procedure for filing Proofs of Claim and resolving Disputed Claims;

**"Class"** means a category of Creditors holding Affected Claims as described more fully in ARTICLE 3 hereof;

**"Class A Noteholders"** means all holders of Class A Notes;

**"Class A Notes"** means the 11% senior secured notes due December 15, 2016, in the principal amount of US\$280,434,000, issued by Catalyst pursuant to the Class A Notes Indenture;

**“Class A Notes Indenture”** means that certain indenture dated as of March 10, 2010, among Catalyst, the guarantors party thereto, and the First Lien Notes Indenture Trustee, as amended, modified or supplemented prior to the date hereof;

**“Class B Noteholders”** means all holders of Class B Notes;

**“Class B Notes”** means the Class B 11% senior secured notes due December 15, 2016, in the principal amount of US\$110,000,000, issued by Catalyst pursuant to the Class B Notes Indenture;

**“Class B Notes Indenture”** means that certain indenture dated as of May 19, 2010, among Catalyst, the guarantors party thereto, and the First Lien Notes Indenture Trustee, as amended, modified or supplemented prior to the date hereof;

**“Commencement Date”** means January 31, 2012;

**“Conditions Precedent”** means those conditions precedent to the effectiveness of the Plan set forth in Section 5.1 hereof;

**“Consenting Noteholders”** means the Initial Supporting Noteholders and all other Noteholders that have signed a joinder to the Restructuring and Support Agreement;

**“Convenience Cash Amount”** means, in respect of the Allowed Claims of General Unsecured Cash Creditors cash in an amount equal to 50% of such Creditor’s Allowed Claim for distribution purposes, subject to the Maximum Convenience Claims Pool and the terms hereof;

**“Convenience Claim”** means a General Unsecured Claim equal to or less than CAD \$10,000 that is not an Extended Health Benefits Claim;

**“Convenience Creditor”** means a holder of a Convenience Claim;

**“Court”** means the Supreme Court of British Columbia;

**“Creditor”** means any Person having a Claim and includes, without limitation, the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with paragraph 35 of the Claims Procedure Order, or a trustee, liquidator, receiver, manager, or other Person acting on behalf of such Person;

**“Critical Supplier Order”** means that certain Order of the Court, dated February 6, 2012, as may be amended or varied by further Order;

**“Critical Suppliers”** shall have the meaning set forth in paragraph 25 of the Amended and Restated Initial Order, as amended and restated in the Critical Supplier Order, and as may be further amended and restated by Order of the Court;

**“Critical Suppliers’ Charge”** shall have the meaning set forth in paragraph 25 of the Amended and Restated Initial Order, as amended and restated in the Critical Supplier Order, and as may be further amended and restated by Order of the Court;

**“D&O Charge”** means the charge in favour of the directors and officers of the Debtors granted pursuant to paragraph 29 of the Amended and Restated Initial Order, paragraph 3 of the Court’s Order dated February 14, 2012, and paragraph 1 of the Court’s Order dated March 8, 2012, as more particularly set out therein;

**“Debtors”** means Catalyst and the following subsidiaries of Catalyst: 0606890 B.C. Ltd., Catalyst Paper General Partnership, Catalyst Paper Energy Holdings Inc., Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Limited, Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Limited, Pacifica Poplars Ltd., Catalyst Paper Holdings Inc., Catalyst Paper Recycling Inc., Catalyst Paper (Snowflake) Inc., Catalyst Paper (USA) Inc., Pacifica Papers Sales Inc., Pacifica Papers USA Inc., Pacifica Poplars Inc. and The Apache Railway Company;

**“DIP Agent”** means JPMorgan Chase Bank, N.A., in its capacity as administrative agent under the DIP Credit Agreement;

**“DIP Credit Agreement”** means that certain agreement dated as of February 7, 2012, among the Debtors, the DIP Agent, and the DIP Lenders;

**“DIP Facility”** means the credit facility approved by the Court pursuant to paragraph 41 of the Amended and Restated Initial Order;

**“DIP Facility Claims”** means all outstanding obligations owed to the DIP Lenders under the DIP Credit Agreement;

**“DIP Lenders”** means the DIP Agent as lender and the other lenders from time to time party to the DIP Credit Agreement;

**“DIP Lenders’ Charge”** means the charge in favour of the DIP Lenders granted pursuant to paragraph 45 of the Amended and Restated Initial Order, as more particularly set out therein;

**“Director”** means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director of any one or more of the Debtors;

**“Directors/Officers Claim”** means any right or claim of any Person against one or more of the Directors and/or Officers that relates to a Pre-Commencement Claim or a Restructuring Claim, howsoever arising, for which the Directors and/or Officers are by statute or otherwise by law liable to pay in their capacity as Directors and/or Officers or in any other capacity;

**“Disputed”** means, with respect to an Affected Claim, the amount of an Affected Claim (including a contingent Affected Claim which may crystallize upon the occurrence of an event or events occurring after the Commencement Date) or such portion thereof which is not yet Allowed, which is disputed and which is subject to adjudication in accordance with the Claims Procedure Order;

**“DTC”** means The Depository Trust Company, through its nominee company Cede & Co.;

**“Effective Date”** means the Business Day, which date shall be acceptable to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and

in accordance with the Restructuring and Support Agreement, on which (i) the Conditions Precedent have been satisfied, fulfilled or waived in accordance with the terms hereof, as applicable, and (ii) the Monitor has completed and filed its certificate with the Court in accordance with Section 5.3 hereof;

**“Effective Time”** means 11:59 p.m. on the Effective Date;

**“Electing Noteholder”** means any Noteholder who would otherwise have become a “control person” under applicable Canadian securities laws immediately following the Effective Time solely as a result of the Plan who elects, by giving notice in form and manner described in Section 6.8 hereof, to receive the Exchange Warrants instead of Excess New Common Shares;

**“Eligible Holder”** means a holder of First Lien Notes or Unsecured Notes who is (a) a resident of Canada for the purposes of the Tax Act and any applicable income tax treaty, holding First Lien Notes or Unsecured Notes that meet the definition of “eligible property” for the purposes of the Tax Act, and who is not exempt from tax on income under the Tax Act, or (b) a non-resident of Canada for the purposes of the Tax Act and any applicable income tax treaty, holding First Lien Notes or Unsecured Notes that meet the definition of “eligible property” for the purposes of the Tax Act, and who would be subject to Canadian tax in respect of any gain realized on the disposition of First Lien Notes or Unsecured Notes under the Plan if no tax election described in Section 6.7 hereof were made in respect of such disposition, or (c) a partnership if one or more members of the partnership are described in (a) or (b);

**“Equity Election”** means an election by an Unsecured Creditor who is not a Cash Election Creditor made on or before the Equity Election Deadline to receive such Creditor’s pro rata share (calculated by reference to the aggregate amount of all Allowed Unsecured Claims after all Disputed Claims have been (a) Allowed or (b) determined by Final Order in accordance with the Claims Procedure Order) of 600,000 New Common Shares;

**“Equity Election Creditors”** means those Unsecured Creditors who have made a valid Equity Election;

**“Equity Election Deadline”** means 5:00 p.m. (prevailing Pacific time) on the date that is 21 days after the date of the Sanction Order;

**“Equity Election Form”** means the form by which an Unsecured Creditor who is not a Cash Election Creditor may make an Equity Election;

**“Equity Election Package”** means a package in form and substance acceptable to the Majority Initial Supporting Noteholders and reasonably satisfactory to the Initial Supporting Unsecured Noteholders, containing (a) an Equity Election Form and (b) instructions for completion of such Equity Election Form;

**“Equity Interests”** means all common shares of Catalyst, including all options, warrants, rights or similar instruments derived from, relating to or convertible, exchangeable or exercisable for common shares, issued and outstanding as of the Effective Date immediately prior to the Effective Time;

**“Excess New Common Shares”** means such New Common Shares that an Electing Noteholder would have received immediately following the Effective Time that would have resulted in such Electing Noteholder holding in excess of 20% of the total New Common Shares issued on the Effective Date pursuant to the Plan;

**“Exchange Warrants”** means warrants exercisable commencing immediately after the Effective Time for no additional consideration, pursuant to an agreement between Catalyst and an Electing Noteholder, which agreement shall be in form and substance satisfactory to the Majority Initial Supporting Noteholders and the Initial Supporting Unsecured Noteholders, entitling such Electing Noteholder to acquire New Common Shares in an amount equal to the Excess New Common Shares such Electing Noteholder would otherwise have been entitled to receive pursuant to the Plan had they not elected to receive such warrants;

**“Existing Shareholders”** means all holders of Equity Interests;

**“Exit Facility”** means, to the extent necessary, an exit financing facility acceptable to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders;

**“Extended Health Benefits Claims”** means all Claims in connection with the following Pacific Blue Cross extended health benefits plans in respect of certain former non-union employees of the Debtors and their predecessors: E035490, E035492, E043743, E043799, E043800, E043863, E047225, E078160, E089486, E094272 and E094273;

**“Extended Health Benefits Creditors”** means holders of Extended Health Benefits Claims;

**“Final Order”** means an Order, ruling or judgment of the Court, or any other court of competent jurisdiction, which has not been reversed, modified or vacated, and is not subject to any stay or appeal, and for which any and all applicable appeal periods have expired;

**“Financial Advisor Charge”** means the charge in favour of the Debtors’ financial advisors, Perella Weinberg Partners L.P., granted pursuant to paragraph 12 of the Court’s Order dated March 9, 2012, as more particularly set out therein;

**“First Lien Noteholders”** means all holders of First Lien Notes, including where applicable beneficial holders of First Lien Notes;

**“First Lien Noteholders Meeting”** means the meeting of the First Lien Noteholders to be held on the Meeting Date for the purpose of considering and voting on the Plan pursuant to the CCAA, and includes any adjournment, postponement or other rescheduling of such meeting in accordance with the Meetings Order;

**“First Lien Notes”** means, collectively, the Class A Notes and the Class B Notes;

**“First Lien Notes Claims”** means all Claims for amounts due in respect of the First Lien Notes, including without limitation outstanding principal and the First Lien Notes Unpaid Interest;

**“First Lien Notes Claims Class”** means the Class comprising the First Lien Noteholders;

**“First Lien Notes Indenture Trustee”** means, collectively, Wilmington Trust, National Association, as indenture trustee and Computershare Trust Company of Canada as collateral trustee;

**“First Lien Notes Indentures”** means the Class A Notes Indenture and the Class B Notes Indenture;

**“First Lien Notes Unpaid Interest”** means an amount equal to accrued and unpaid interest under the First Lien Notes as of the Effective Date, such interest calculated using the applicable interest rate under the First Lien Notes Indentures, which shall include, where applicable, interest calculated at the default rate thereunder;

**“General Unsecured Cash Creditors”** means, collectively, (i) Convenience Creditors who have not made a valid Equity Election and (ii) Cash Election Creditors;

**“General Unsecured Claims”** means all Claims against any Debtor, including Extended Health Benefits Claims and Convenience Claims, but not including Unsecured Notes Claims, that have not otherwise been satisfied through arrangements with the Debtors in accordance with the Amended and Restated Initial Order;

**“General Unsecured Creditors”** means holders of General Unsecured Claims;

**“General Unsecured Proceeds Creditors”** means General Unsecured Creditors who are not Convenience Creditors and have not made a valid Cash Election and, for avoidance of doubt, includes General Unsecured Proceeds Creditors who make a valid Equity Election;

**“Governmental Priority Claims”** means all Claims that fall within section 37 of the CCAA;

**“Governmental Entity”** means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

**“Indenture Trustees”** means the First Lien Notes Indenture Trustee and the Unsecured Notes Indenture Trustee;

**“Information”** means information set forth or incorporated in Catalyst’s public disclosure documents filed with applicable Canadian securities regulators and the Securities and Exchange Commission under applicable securities legislation prior to March 15, 2012, or otherwise disclosed by Catalyst in writing to each of the Initial Supporting Noteholders under the Restructuring and Support Agreement prior to March 15, 2012;

**“Initial Supporting First Lien Noteholders”** means each First Lien Noteholder who has executed the Restructuring and Support Agreement as of March 11, 2012, in respect of its First Lien Notes;

**“Initial Supporting Noteholders”** means the Initial Supporting First Lien Noteholders and the Initial Supporting Unsecured Noteholders;

**“Initial Supporting Unsecured Noteholders”** means each Unsecured Noteholder who has executed the Restructuring and Support Agreement as of March 11, 2012, in respect of its Unsecured Notes;

**“Intercompany Claim”** means any Claim of a Debtor against another Debtor or a non-Debtor Subsidiary against a Debtor;

**“KERP”** means Catalyst’s key employee retention plan as approved by Order of this Court made March 9, 2012, and as shall be further amended as a Condition Precedent to the implementation of the Plan as set forth in Subsection 5.1(p) hereof;

**“KERP Charge”** means the charge in favour of the employee beneficiaries of the KERP granted pursuant to paragraph 6 of the Court’s Order dated March 9, 2012, as more particularly set out therein;

**“Law”** or **“Laws”** means all federal, state and provincial codes, conventions, laws, ordinances, policies, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the TSX), and the term “applicable” with respect to such laws means such laws as are applicable to the referenced party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the party or parties or its or their business, undertaking, property or securities;

**“Lien”** means any valid and enforceable mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law;

**“Management Incentive Plan”** means any new management incentive plan approved by the new board of directors of reorganized Catalyst after the Effective Date;

**“Majority Initial Supporting Noteholders”** means a majority of the Noteholders who executed the Restructuring and Support Agreement as of March 11, 2012, where each such Noteholder will have one vote and a majority of votes will govern;

**“Material Adverse Effect”** means an event, change or occurrence that, individually or together with any other event, change or occurrence, has a material adverse impact on the financial condition, business or results of operations of the Catalyst Companies (taken as a whole) and shall include, without limitation, the disposition by any of the Catalyst Companies of any material asset without the prior written consent of the Consenting Noteholders; provided, however, that a Material Adverse Effect shall not include and shall be deemed to exclude the impact of: (A) changes in Laws of general applicability or interpretations thereof by courts or governmental or regulatory authorities, (B) any change in the paper industry generally, which does not disproportionately adversely affect the Catalyst Companies, (C) actions and omissions of the Catalyst Companies taken with the prior written consent of the Majority Initial Supporting

Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, (D) the effects of compliance with the Restructuring and Support Agreement, including on the operating performance of the Catalyst Companies, (E) the negotiation, execution, delivery, performance, consummation, potential consummation or public announcement of the Restructuring and Support Agreement or the transactions contemplated by the Restructuring and Support Agreement, (F) changes in the market price or trading volume of the First Lien Notes, Unsecured Notes or Equity Interests (it being understood that any cause of any such change may be taken into consideration when determining whether a Material Adverse Effect has occurred); (G) any change in U.S. or Canadian interest rates or currency exchange rates unless such change has a disproportionate effect on the Catalyst Companies; (H) the CCAA Proceedings, the Chapter 15 Proceedings and related costs and expenses being incurred by Catalyst; (I) Catalyst entering into the DIP Credit Agreement; and (J) Catalyst's common shares being suspended from trading then delisted from the TSX effective March 8, 2012;

**"Maximum Convenience Claims Pool"** means CAD \$2,500,000, funded by the Debtors, which is the aggregate amount of cash available to pay all Convenience Cash Amounts;

**"Meeting Date"** means June 25, 2012;

**"Meetings"** means, collectively, the Unsecured Creditors Meeting and the First Lien Noteholders Meeting;

**"Meetings Order"** means the Order of the Court dated June 18, 2012, as amended or varied by further Order, setting the Meeting Date, approving the procedures for the Meetings, and authorizing the dissemination of the documents relating thereto;

**"Monitor"** means PricewaterhouseCoopers Inc., in its capacity as Court-appointed Monitor pursuant to the Amended and Restated Initial Order;

**"New ABL Facility"** means any new ABL facility entered into on the Effective Date, acceptable to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders;

**"New ABL Facility Lender"** means the lender(s) under the New ABL Facility;

**"New Common Shares"** means the new common shares of reorganized Catalyst to be issued pursuant to Section 6.2 hereof;

**"New First Lien Notes"** means the secured, first lien notes due November 1, 2017, to be issued on the Effective Date pursuant to the New First Lien Notes Indenture and Section 6.2 hereof, in the aggregate principal amount of \$250 million, with 11% interest due semi-annually in arrears in cash *or* 7.5% payable semi-annually in cash *plus* 5.5% payable semi-annually in kind;

**"New First Lien Notes Indenture"** means the indenture, dated as of the Effective Date, among Catalyst, the guarantors party thereto, and the First Lien Notes Indenture Trustee, pursuant to which the New First Lien Notes will be issued, as may be amended, modified or supplemented, which shall be in form and substance acceptable to the Majority Initial Supporting Noteholders and the First Lien Notes Indenture Trustee;



**“New First Lien Notes Security”** means the guarantees and security to be provided under the New First Lien Notes Indenture;

**“New Labour Contracts”** means the new labour agreements ratified by members of the Pulp, Paper and Woodworkers Union of Canada (“PPWC”) and the Communications, Energy and Paperworkers Union of Canada (“CEP”), effective from May 1, 2012, through May 1, 2017;

**“Noteholders”** means, collectively, the First Lien Noteholders and the Unsecured Noteholders;

**“Officer”** means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer of any one or more of the Debtors;

**“Order”** means any order of the Court, or another court of competent jurisdiction, in these proceedings;

**“Person”** means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate (including a limited liability company and an unlimited liability company), corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status;

**“PIK Notes”** means the notes issued as interest payable in kind in relation to the New First Lien Notes;

**“Plan”** means this Plan of Compromise and Arrangement filed by the Debtors pursuant to the CCAA, including the Schedules hereto, as may be amended, varied or supplemented hereafter in accordance with the terms hereof or made at the direction of the Court in the Sanction Order with the consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders;

**“Plan Securities”** means the New Common Shares, the New First Lien Notes, and any Exchange Warrants, to be issued pursuant to Section 6.2 hereof and distributed pursuant to Section 6.6 hereof;

**“Post-Filing Interest and Costs”** means all interest other than the Unpaid Interest accrued or accruing on or after the Commencement Date on or in respect of an Affected Claim and all costs and expenses incurred on or after the Commencement Date pursuant to or in respect of an Affected Claim;

**“Pre-Commencement Claim”** means any right or claim of any Person that may be asserted or made in whole or in part against the Debtors (or any of them), whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on, an event, fact, act or omission which occurred in whole or in part prior to the Commencement Date, at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of contract or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting,

constructive or otherwise) or for any reason whatsoever against any of the Debtors or any their property or assets, and whether or not any indebtedness, liability or obligation is reduced to judgment, 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 any right or claim is executory or anticipatory in nature including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims not referred to above that are or would be claims provable in bankruptcy had the Debtors (or any one of them) become bankrupt on the Commencement Date, and for greater certainty, includes any Tax Claim and Extended Health Benefits Claims: *provided, however*, that "Pre-Commencement Claim" shall not include an Unaffected Claim or any contingent liabilities that may be crystallized in the future under any applicable environmental laws of British Columbia arising from the Debtors' operations and undertakings at Powell River, Port Alberni and Crofton, all situated in the Province of British Columbia;

"PREI" means, collectively, all of Catalyst's right, title and interest in Powell River Energy Inc. and the Powell River Energy Limited Partnership ("PRELP") including:

- a. 50,001 common shares in Powell River Energy Inc.;
- b. long term debt of \$20.8 million owing by Powell River Energy Inc. to Catalyst Paper Energy Holdings Inc. ("CPEHI"), maturing December 21, 2021 under subordinated promissory notes issued by Powell River Energy Inc. and any other indebtedness owing to CPEHI by Powell River Energy Inc. or PRELP; and
- c. a 49.95% limited partnership interest in PRELP under a limited partnership agreement between 3795669 Canada Limited, as general partner and Pacific Paper Inc. (predecessor to CPEHI) and Powell River Energy Trust, as limited partners;

but excluding, for greater certainty, Catalyst's interest in the power purchase agreement dated February 1, 2011, between Powell River Energy Inc. and Catalyst.

"PREI Proceeds Pool" means an aggregate amount equal to 50% of the net proceeds received by the Debtors on account of the sale of PREI, which shall be paid by reorganized Catalyst to the Monitor within three (3) Business Days following the closing of the sale of PREI, and which shall be distributed by the Monitor to Unsecured Creditors who are not (a) General Unsecured Cash Creditors or (b) Equity Election Creditors; *provided, however*, that no distributions shall be made from the PREI Proceeds Pool until all Disputed Claims have been (i) Allowed or (ii) determined by Final Order in accordance with the Claims Procedure Order; *provided, further, however*, that the Monitor shall return to reorganized Catalyst any amounts remaining in the PREI Proceeds Pool after distribution, due to the exercise of valid Equity Elections by Equity Election Creditors;

**“Prior CBCA Proceeding”** means the Debtors’ in and out of court restructuring efforts pursuant to the CBCA, including the formulation, preparation, dissemination, and negotiation of a plan of arrangement and the filing of a proceeding in this Court;

**“Proof of Claim”** means the form to be completed and filed by a Creditor, in accordance with the Claims Procedure Order, setting forth its proposed Claim(s);

**“Record Date”** means March 16, 2012;

**“Registered Shareholder”** means a holder of Equity Interests as shown on the securities register maintained by or on behalf of Catalyst;

**“Released Parties”** means, collectively, each in their respective capacities as such, (i) the Officers, employees, legal and financial advisors, and other representatives of the Debtors as of the Commencement Date; (ii) the Directors and their legal and financial advisors; (iii) the First Lien Notes Indenture Trustee, the First Lien Notes Indenture Trustee’s legal advisors, and the First Lien Noteholders; (iv) the members of the Steering Group and any other Initial Supporting Noteholders and their legal and financial advisors; (v) the Initial Supporting Unsecured Noteholders and their legal and financial advisors; (vi) the Unsecured Notes Indenture Trustee and the Unsecured Noteholders; (vii) the Monitor and their legal advisors; and (viii) current and former holders of Equity Interests;

**“Required Majority”** means, with respect to each Voting Class, a majority in number of Affected Creditors who represent at least two-thirds in value of the Allowed Claims of Affected Creditors who actually vote or are deemed to have voted pursuant to the Meetings Order on the resolution approving the Plan (in person, by proxy or by ballot) at the Meetings, which tally may include, subject to an Order of the Court which may be sought after the Meeting Date, the Claims of other Unsecured Creditors that may be deemed by such Order to vote in favour of the resolution approving the Plan;

**“Restructuring and Support Agreement”** means the Restructuring and Support Agreement, dated March 11, 2012, among Catalyst, certain of its Subsidiaries, and the Consenting Noteholders, as subsequently amended pursuant to its terms;

**“Restructuring Claim”** means any right or claim of any Person against the Debtors (or any one of them) in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Debtors (or any one of them) to such Person arising out of the restructuring, disclaimer, resiliation, termination, or breach on or after the Commencement Date of any contract, employment agreement, lease or other agreement or arrangement, whether written or oral, and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Claims Procedure Order, and includes for greater certainty any right or claim of an employee of any of the Debtors arising from a termination of its employment after the Commencement Date; provided, however, that “Restructuring Claim” shall not include an Unaffected Claim;

**“Restructuring Expenses”** means the expenses provided for in Section 6.13 hereof;

**“Sanction Order”** means an Order by the Court under the CCAA to, among other things, sanction, authorize and approve the Plan, in a form and substance satisfactory to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders;

**“Securities”** means the First Lien Notes, the Unsecured Notes, and the Equity Interests;

**“SISP”** means the sale and investor solicitation process approved by the SISP Order, as may be amended or varied by further Order;

**“SISP Order”** means the Order of the Court dated March 22, 2012, approving the SISP and the Stalking Horse Reimbursement Charge, as may be amended or varied by further Order in accordance with Section 6.5 hereof or otherwise;

**“Stalking Horse Reimbursement Charge”** means the charge granted pursuant to paragraph 7 of the SISP Order, as more particularly set out therein, in favour of the Stalking Horse Bidder (as such term is defined in the SISP Order);

**“Steering Group”** means the steering group of the First Lien Noteholders;

**“Subsidiaries”** means corporations or other Persons in which Catalyst has a direct or indirect controlling equity interest, including any subsidiary body corporate as defined in the CBCA;

**“Tax”** or **“Taxes”** means any and all amounts subject to a withholding or remitting obligation and any and all taxes, duties, fees, and other governmental charges, duties, impositions and liabilities of any kind whatsoever whether or not assessed by the Taxing Authorities (including any Claims by any of the Taxing Authorities), including all interest, penalties, fines, fees, other charges and additions with respect to such amount;

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

**“Tax Claim”** means any Claim against the Debtors (or any of them) for any Taxes in respect of any taxation year or period ending on or prior to the Commencement Date, and in any case where a taxation year or period commences on or prior to the Commencement Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Commencement Date and up to and including the Commencement Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto;

**“Taxing Authorities”** means Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and any Canadian or foreign governmental authority, and **“Taxing Authority”** means any one of the Taxing Authorities;

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

**“Unaffected Claim”** means, subject to further Order of the Court:

- a. any right or claim of any Person that may be asserted or made in whole or in part against the Debtors (or any of them) in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Commencement Date (other than Restructuring Claims and Directors/Officers Claims) and any interest thereon, including any obligation of the Debtors toward creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Debtors on or after the Commencement Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds on or after the Commencement Date;
- b. any Claim secured by any CCAA Charge;
- c. that portion of a Claim arising from a cause of action for which the Debtors are covered by insurance, but only to the extent of such coverage;
- d. any ABL Facility Claim;
- e. any DIP Facility Claim;
- f. any Intercompany Claim;
- g. any Claim referred to in sections 6(3), 6(5) and 6(6) of the CCAA;
- h. any Governmental Priority Claim;
- i. any claims with respect to reasonable fees and disbursements of counsel of any Debtor, the Monitor, a Claims Officer, any Assistant (as defined in paragraph 5 of the Amended and Restated Initial Order), or any financial advisor retained by any of the foregoing, as approved by the Court to the extent required;
- j. any Claim of any employee of the Debtors (or any of them) employed by the Debtors (or any of them) as of the Commencement Date, but only in respect of a Claim for wages, including vacation pay and banked time;
- k. any Claim secured by a Lien other than the First Lien Notes Claims; and
- l. any Claim existing on the Commencement Date that has been satisfied, cured or rectified on or before the date of the Sanction Order;

**“Unpaid Interest”** means, collectively, the First Lien Notes Unpaid Interest and the Unsecured Notes Unpaid Interest;

**“Unsecured Claims”** means the Unsecured Notes Claims and the General Unsecured Claims, including Convenience Claims;

**“Unsecured Claims Class”** means the Class comprising the Unsecured Claims;

**“Unsecured Creditors”** means the Unsecured Noteholders and the General Unsecured Creditors;

**“Unsecured Creditors Meeting”** means the meeting of the Unsecured Creditors to be held on the Meeting Date for the purpose of considering and voting on the Plan pursuant to the CCAA, and includes any adjournment, postponement or other rescheduling of such meeting;

**“Unsecured Noteholders”** means all holders of Unsecured Notes, including where applicable beneficial holders of Unsecured Notes;

**“Unsecured Notes”** means the 7 $\frac{3}{8}$  % senior notes due March 1, 2014, in the principal amount of \$250,000,000 issued by Catalyst pursuant to the Unsecured Notes Indenture;

**“Unsecured Notes Claims”** means all Claims for amounts due in respect of the Unsecured Notes, including without limitation outstanding principal and the Unsecured Notes Unpaid Interest;

**“Unsecured Notes Indenture”** means that certain indenture, dated as of March 23, 2004, among Catalyst, the guarantors party thereto and the Unsecured Notes Indenture Trustee, as trustee, as amended, modified or supplemented prior to the date hereof;

**“Unsecured Notes Indenture Trustee”** means Wells Fargo Bank, National Association;

**“Unsecured Notes Unpaid Interest”** means an amount equal to the accrued and unpaid interest under the Unsecured Notes as of the Effective Date, such interest calculated using the applicable contract rate under the Unsecured Notes Indenture;

**“U.S. Bankruptcy Code”** means title 11 of the United States Code, as amended;

**“U.S. Court”** means the United States Bankruptcy Court for the District of Delaware;

**“U.S. Distribution Agent”** means Catalyst Paper Holdings Inc., as designated by the Debtors to receive delivery of the New Common Shares intended for distribution to those General Unsecured Creditors located in the United States who have made a valid Equity Election and to distribute the New Common Shares to such eligible General Unsecured Creditors; and

**“Voting Classes”** means the Unsecured Claims Class and the First Lien Notes Claims Class.

#### **Section 1.2 Accounting Terms.**

All accounting terms not otherwise defined herein shall have the meaning ascribed to them in accordance with Canadian generally accepted accounting principles including those prescribed by the Canadian Institute of Chartered Accountants.

**Section 1.3 Articles of Reference**

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Plan and not to any particular article, section, subsection, clause or paragraph of the Plan and include any agreements supplemental hereto. In the Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Plan.

**Section 1.4 Interpretation Not Affected by Headings**

The division of the 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 the Plan.

**Section 1.5 Date for Any Action**

In the event that any date on which any action is required to be taken hereunder 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 Time**

All times expressed herein are local time in Vancouver, British Columbia, Canada unless otherwise stipulated.

**Section 1.7 Definitions in the CCAA**

A word or words with initial capitalized letters used herein and not defined herein but defined in the CCAA shall have the meaning ascribed thereto in the CCAA as of the date hereof unless the context otherwise requires.

**Section 1.8 Number, Etc.**

In the Plan, where the context requires, a word importing the singular number shall include the plural and vice versa; a word or words importing gender shall include all genders and the words "including" and "includes" mean "including (or includes) without limitation".

**Section 1.9 Currency**

Unless otherwise specified, all references to monetary amounts are to lawful currency of the United States of America. All Affected Claims denominated in a currency other than U.S. Dollars shall, for the purposes of the Plan, be converted to and shall constitute obligations in U.S. dollars, such calculation to be effected using the Bank of Canada noon spot rate on the Commencement Date (exchange rate conversion on such date was: USD \$1.00 = CAD \$1.0052).

### **Section 1.10 Statutory References**

Except as provided herein, any reference in the Plan to a statute includes all regulations and rules made thereunder, all amendments to such statute, regulation or rules in force from time to time, and any statute, regulation or rule that supplements or supersedes such statute or regulation.

### **Section 1.11 Governing Law**

The Plan shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable thereto. All questions as to the interpretation or application of the Plan and all proceedings taken in connection with the Plan shall be subject to the exclusive jurisdiction of the Court.

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

### **Section 2.1 Purpose**

The purpose of the Plan is to effect a compromise of Affected Claims to enable the Debtors' businesses to continue, and to maximize the recovery of the Debtors' Creditors. Ensuring the continuance of the Debtors' businesses will significantly benefit all stakeholders, including the Debtors' many current and former employees, trade suppliers, customers, and the communities in which the Debtors operate. The successful implementation of this Plan will provide greater benefits to all Persons with an economic interest in the Debtors than would result from the bankruptcy of the Debtors, which benefits will have far-reaching positive effects on the economy as a whole.

### **Section 2.2 Agreement**

The Plan is made pursuant and subject to the provisions of the Restructuring and Support Agreement.

### **Section 2.3 Affected Creditors**

On the Effective Date, the Plan will be binding on each Debtor and all Affected Creditors to the extent of their Affected Claims. For greater certainty, other than the Extended Health Benefits Claims (which will be compromised under the Plan), the terms "Claim" and "Affected Claim" do not include any obligation of the Debtors to any current employee, former employee, retired employee, pension plan member or beneficiary, or a pension plan administrator, in respect of any registered pension plan, non-registered pension plan, health benefit or any other employment-related or post-retirement entitlement or benefit in effect at the Commencement Date including, without limitation, any pension "bridging" benefits and "top-up" benefits and such obligations shall not be affected by the Plan.



#### **Section 2.4 Existing Shareholders**

On the Effective Date, the Plan will be binding on Catalyst and all Existing Shareholders. Existing Shareholders shall not receive a distribution under the Plan or otherwise recover anything in respect of their Equity Interests. All existing Equity Interests shall be cancelled and extinguished on the Effective Date.

#### **Section 2.5 Unaffected Persons**

Holders of Unaffected Claims will not be affected, to the extent of their Unaffected Claims, by the compromises set out in the Plan.

### **ARTICLE 3 CLASSIFICATION AND TREATMENT OF AFFECTED CLAIMS**

#### **Section 3.1 Classification of Affected Claims**

All Affected Claims are classified into two Voting Classes—the First Lien Notes Claims Class and the Unsecured Claims Class.

The First Lien Notes Claims Class consists of the First Lien Notes Claims. The Unsecured Claims Class consists of both the Unsecured Notes Claims and the General Unsecured Claims.

#### **Section 3.2 Treatment of Affected Claims**

An Affected Claim shall receive distributions as set forth below only to the extent that such Claim is an Allowed Claim and has not been paid, released, or otherwise satisfied prior to the Effective Date.

##### First Lien Notes Claims Class

- a. The First Lien Notes Claims shall be an Allowed Claim, and for the purposes of distribution shall be in the aggregate principal amount of \$384,534,000, comprised of (i) \$280,434,000 on account of the Class A Notes and (ii) \$104,100,000 on account of the Class B Notes, plus the First Lien Notes Unpaid Interest.
- b. On the Effective Date, the First Lien Notes shall be cancelled, and in full and final satisfaction of and in exchange for all Allowed First Lien Notes Claims,
  - i. each Class A Noteholder as of the Effective Date shall be entitled to receive its pro rata share of:
    - 1) the New First Lien Notes in the aggregate principal amount of \$182,000,000, and

- 2) 10,502,352 New Common Shares (which shall equal 72.933% of the New Common Shares, subject to dilution only from the issuance of New Common Shares in connection with the exercise by Unsecured Creditors of valid Equity Elections and any Management Incentive Plan); and
- ii. each Class B Noteholder as of the Effective Date shall be entitled to receive its pro rata share of:
- 1) the New First Lien Notes in the aggregate principal amount of \$68,000,000, and
  - 2) 3,897,648 New Common Shares (which shall equal 27.067% of the New Common Shares, subject to dilution only from the issuance of New Common Shares in connection with the exercise by Unsecured Creditors of valid Equity Elections and any Management Incentive Plan).

#### Unsecured Claims Class

##### *Unsecured Notes Claims*

- a. The Unsecured Notes Claims shall be an Allowed Claim, and for the purposes of distribution shall be in the aggregate principal amount of \$250,000,000 plus the Unsecured Notes Unpaid Interest.
- b. On the Effective Date, the Unsecured Notes shall be cancelled and, in full and final satisfaction of and in exchange for all Allowed Unsecured Notes Claims, each Unsecured Noteholder as of the Effective Date shall be entitled to receive its pro rata share (calculated by reference to the aggregate amount of all Allowed Unsecured Claims after all Disputed Claims have been (i) Allowed or (ii) determined by Final Order in accordance with the Claims Procedure Order) of the PREI Proceeds Pool; *provided, however*, that each Equity Election Creditor, if any, shall, on or as soon as reasonably practicable after the Effective Date, in full and final satisfaction of and in exchange for all such holder's Allowed Unsecured Notes Claims, receive its pro rata share (calculated by reference to the aggregate amount of all Allowed Unsecured Claims after all Disputed Claims have been (i) Allowed or (ii) determined by Final Order in accordance with the Claims Procedure Order) of 600,000 New Common Shares.

##### *General Unsecured Claims*

- a. In full and final satisfaction of and in exchange for all Allowed General Unsecured Claims, each holder of an Allowed General Unsecured Claim shall be entitled to receive:

- i. if such holder is a General Unsecured Proceeds Creditor who is not an Equity Election Creditor, its pro rata share (calculated by reference to the aggregate amount of all Allowed Unsecured Claims after all Disputed Claims have been (1) Allowed or (2) determined by Final Order in accordance with the Claims Procedure Order) of the PREI Proceeds Pool;
- ii. if such holder is an Equity Election Creditor, its pro rata share (calculated by reference to the aggregate amount of all Allowed Unsecured Claims after all Disputed Claims have been (1) Allowed or (2) determined by Final Order in accordance with the Claims Procedure Order) of 600,000 New Common Shares; or
- iii. if such holder is a General Unsecured Cash Creditor:
  - 1) such holder's Convenience Cash Amount, to an aggregate limit of the Maximum Convenience Claims Pool, or, if applicable,
  - 2) to the extent that the aggregate of all Convenience Cash Amounts would exceed the Maximum Convenience Claims Pool:
    - a. in respect of two (2) times the amount of cash to be received, such holder's pro rata share of the Maximum Convenience Claims Pool, and
    - b. in respect of the balance of such holder's Allowed Claim, such holder's pro rata share (calculated by reference to the aggregate amount of all Allowed Unsecured Claims after all Disputed Claims have been (x) Allowed or (y) determined by Final Order in accordance with the Claims Procedure Order) of the PREI Proceeds Pool.

b. The Extended Health Benefits Claims shall be an Allowed Claim.

### **Section 3.3 Voting by Affected Creditors**

First Lien Noteholders shall be entitled to attend and vote at the First Lien Noteholders Meeting. Unsecured Creditors, including Unsecured Noteholders and General Unsecured Creditors (including Convenience Creditors) shall be entitled to attend and vote at the Unsecured Creditors Meeting; *provided, however*, that, in accordance with the Meetings Order, Creditors who have made a valid Cash Election shall be deemed to vote in favour of the Plan and shall not be entitled to vote at the Unsecured Creditors Meeting. For greater certainty, only those Noteholders who have beneficial ownership of a Claim as of the Record Date shall be entitled to vote at the Meetings pursuant to and in accordance with the Meetings Order. Also for greater certainty, (a) any Convenience Share Election (as such term is defined in the Plan of

Compromise and Arrangement of Catalyst dated March 15, 2012) made by a Convenience Creditor prior to the date hereof in accordance with the Meetings Order shall be of no further force and effect and such Convenience Creditor shall be entitled (i) to the distribution provided hereunder applicable to a Convenience Creditor and (ii) to make an Equity Election in accordance with the terms hereof, and (b) any Cash Election made by a General Unsecured Creditor prior to the date hereof in accordance with the Meetings Order shall be in full force and effect, *provided, however*, that each Cash Election Creditor shall be entitled (i) to revoke such Cash Election and receive the distribution provided to General Unsecured Proceeds Creditors and/or (ii) to make an Equity Election, each in accordance with the terms hereof.

Affected Creditors with Disputed Claims shall be entitled to attend the Meetings and cast a vote in respect of the Plan. The Monitor shall keep a separate record and tabulation of any votes cast in respect of Disputed Claims. The Monitor shall report the result of the vote and the tabulation of votes of Allowed Claims and Disputed Claims to the Court and, if the decision by Affected Creditors whether to approve or reject the Plan is affected by the votes cast in respect of the Disputed Claims, Catalyst shall seek direction from the Court in respect thereof. The fact that a Disputed Claim is allowed for voting purposes shall not preclude Catalyst or the Monitor from disputing the Disputed Claim for distribution purposes.

#### **Section 3.4 Approval by Affected Creditors**

In order to be approved by the Affected Creditors, the Plan must receive an affirmative vote, in accordance with the provisions of the Meetings Order, by the Required Majority in each Voting Class.

#### **Section 3.5 Unaffected Claims**

Notwithstanding anything to the contrary herein, no Creditor shall be entitled to vote or receive any distributions under the Plan in respect of an Unaffected Claim. Nothing in the Plan shall affect the Debtors' rights and defences with respect to any Unaffected Claim.

#### **Section 3.6 Disputed Claims**

Affected Creditors with Disputed Claims on the Effective Date shall not be entitled to receive any distribution hereunder with respect to such Disputed Claims until and to the extent that such Claim becomes an Allowed Claim. A Disputed Claim shall be referred for resolution in the manner set out in the Claims Procedure Order. Subject to Section 6.6(4), no distributions shall be paid to Unsecured Creditors until all Disputed Claims are finally (a) Allowed or (b) determined by Final Order in accordance with the Claims Procedure Order.

#### **Section 3.7 Extinguishment of Claims**

As of and from the Effective Time and in accordance with the provisions of the Sanction Order, the treatment of Affected Claims under the Plan (including Allowed Claims and Disputed Claims) shall be final and binding on the Debtors and all Affected Creditors (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and all Affected Claims shall be released and discharged as against the Debtors and the Debtors shall thereupon be released from all Affected Claims, including without limitation contracts and plans

related to the Extended Health Benefits Claims, other than the obligations of the Debtors to make payments in the manner and to the extent provided for in the Plan; *provided, however*, that such discharge and release shall be without prejudice to the right of a holder of a Disputed Claim to prove such Disputed Claim so that such Disputed Claim becomes an Allowed Claim entitled to receive consideration under Section 6.6 hereof; *provided, further, however*, that the Allowed Claims shall be released and discharged as follows: (a) at the Effective Time for (i) the Unsecured Claims, and (ii) the First Lien Note Claims on a pro-rata basis to the extent that the amount of the First Lien Note Claims exceeds the aggregate of the fair market value of the New Common Shares to be issued and the aggregate principal amount of the New First Lien Notes; and (b) at 12:01 a.m. on the Business Day next following the Effective Time (i) the First Lien Note Claims, on a pro-rata basis to the extent of the aggregate principal amount of the New First Lien Notes, and (ii) the First Lien Note Claims remaining outstanding after the release and discharge in clause (b)(i) shall be settled on a pro-rata basis by the issuance of the New Common Shares in accordance with Section 6.1 and Section 6.2 hereof.

### **Section 3.8 Governmental Priority Claims**

Within six months after the date of the Sanction Order, each Debtor incorporated in Canada shall pay in full to any applicable Governmental Entities all amounts that were outstanding at the Commencement Date and are of a kind that could be subject to a demand under:

- a. subsection 224(1.2) of the Tax Act;
- b. any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the Tax Act and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- c. any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
  - i. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Tax Act; or
  - ii. is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

**ARTICLE 4**  
**SANCTION ORDER**

**Section 4.1 Application for Sanction Order**

As soon as reasonably practicable following the approval of the Plan by the Required Majorities, the Debtors shall bring a motion seeking the Sanction Order for prompt hearing by the Court and in accordance with the timeline set forth in the Restructuring and Support Agreement.

**Section 4.2 Effect of the Sanction Order**

In addition to approving and sanctioning the Plan, and subject to the discretion of the Court, the Sanction Order shall, among other things and without limitation:

- a. declare that:
  - i. the Plan has been approved by the Required Majorities of Affected Creditors in conformity with the CCAA;
  - ii. the Debtors have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects;
  - iii. the Court is satisfied that the Debtors have not done nor purported to do anything that is not authorized by the CCAA; and
  - iv. the Plan and transactions contemplated thereby are procedurally and substantively fair and reasonable to Affected Creditors;
- b. direct and authorize the Debtors and the Monitor to fulfill their obligations under the Plan, including to complete the transactions and distributions contemplated under the Plan;
- c. confirm the effect of the Claims Procedure Order, including, without limitation, the effect of the Claims Bar Date, and the releases, waivers, injunctions and prohibitions provided thereunder;
- d. confirm the effect of the Meetings Order;
- e. effective on the Effective Date, declare that the compromises, waivers, releases and injunctions effected by the Plan are approved, binding, and effective as herein set out on all Affected Creditors, Existing Shareholders, and all other Persons affected by the Plan;
- f. continue the stay of proceedings contained in the Amended and Restated Initial Order until the CCAA Proceedings are terminated by Order of the Court;

- g. confirm that the CCAA Charges as provided in the Amended and Restated Initial Order shall continue in effect until such time as the CCAA Proceedings are terminated and all obligations secured thereby are paid in full or as may be otherwise secured, satisfied or arranged;
- h. effective on the Effective Date, except as otherwise provided in the Plan, declare that all notes, shares, instruments, certificates, indentures, guarantees, and other documents or agreements evidencing the First Lien Notes Claims, the Unsecured Notes Claims, and Equity Interests, including, without limitation, the First Lien Notes, the Unsecured Notes, the First Lien Notes Indentures, and the Unsecured Notes Indenture, are deemed cancelled and are of no further force or effect, whether surrendered for cancellation or otherwise, and the obligations of the Debtors thereunder or in any way related thereto are satisfied and discharged, except to the extent expressly set forth in Section 6.07 of the Unsecured Notes Indenture and Section 6.06 of the First Lien Notes Indenture;
- i. declare that the First Lien Notes Indenture Trustee shall be authorized to execute releases of the property and other assets included in the Collateral (as such term is defined in the First Lien Notes Indenture) from the Liens created by the Collateral Documents (as such term is defined in the First Lien Notes Indenture), in the forms prepared by the Debtors, at the written request of the Debtors (without the delivery of an officer's certificate or opinion), subject to paragraph (h) above;
- j. effective as of the Effective Date, release all Post-Filing Interest and Costs;
- k. declare that the appointment of the Claims Officer shall cease as of the Effective Time except with respect to matters to be completed pursuant to the Plan after the Effective Time (including the resolution of any Disputed Claims pursuant to the Claims Procedure Order);
- l. declare that, as of and from the Effective Time and except to the extent expressly contemplated by the Plan, all obligations or agreements to which any Debtor is a party (including all equipment leases and real property leases) shall be and remain in full force and effect, unamended as of the Effective Date, unless terminated, disclaimed or repudiated by a Debtor in the CCAA Proceedings, and no Person who is a party to any such obligation or agreement shall, on or after the Effective Date, accelerate, terminate, rescind, refuse to renew, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise, or purport to enforce or exercise, any right (including any right of set off, combination of accounts, dilution, buy out, divestiture, forced purchase or sale option or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:
  - i. any event or events which occurred on or before the Effective Date and is not continuing after the Effective Date or which is or

continues to be suspended or waived under the Plan, which would have entitled any party thereto to enforce such rights or remedies (including defaults or events of default arising as a result of the insolvency of any Debtor);

- ii. any Debtor having sought or obtained relief under the CCAA; or
  - iii. any compromises, arrangements, reorganizations or transactions effected pursuant to the Plan; and
- m. effective on the Effective Date, permanently enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgements, or other remedy or recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the Plan.

## ARTICLE 5 CONDITIONS PRECEDENT TO PLAN IMPLEMENTATION

### Section 5.1 Conditions of Plan Implementation

The implementation of the Plan is conditional on the satisfaction or waiver (subject to Section 5.2 hereof) on or before the Effective Date of the following conditions, in a manner satisfactory to Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders:

- a. since December 31, 2011, there shall have been no Material Adverse Effect except as disclosed in the Information;
- b. the following shall have occurred by the dates set forth below:
  - i. the Meetings shall have occurred no later than June 25, 2012;
  - ii. the Plan shall have been approved by the Required Majorities of each Voting Class;
  - iii. the Sanction Order shall have been obtained no later than June 29, 2012 in accordance with Section 4.2 hereof;
  - iv. Catalyst shall have obtained an Order from the U.S. Court under chapter 15 of the U.S. Bankruptcy Code recognizing that the Sanction Order is in full force and effect in the United States, which Order be satisfactory to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and shall have become a Final Order; and
  - v. the Sanction Order shall have become a Final Order;



- or such later date as may be agreed to among the Debtors and the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and in accordance with the Restructuring and Support Agreement;
- c. there shall have been no breach in any material respect by the Debtors of any of the obligations, representations, warranties, or covenants of the Debtors set forth in the Restructuring and Support Agreement;
  - d. the New First Lien Notes Security shall have been executed and delivered, together with standard supporting authorizing documents, and legal opinions from counsel to the applicable Catalyst Companies, in form and content reasonably satisfactory to the Majority Initial Supporting Noteholders and the First Lien Notes Indenture Trustee, and registrations to perfect the liens created thereunder shall have been completed with the priority contemplated by the New First Lien Notes Indenture;
  - e. Catalyst shall have entered into agreements with respect to the New ABL Facility and Exit Facility, if any, which agreements shall be satisfactory to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and an intercreditor agreement entered into between the New ABL Facility Lender and the First Lien Noteholders or the First Lien Notes Indenture Trustee satisfactory to the Majority Initial Supporting Noteholders, subject to Section 5.2 hereof;
  - f. all amounts owing by Catalyst pursuant to or in respect of the ABL Facility Claims (including by payment into escrow with the Monitor of any such amounts disputed as owing) shall have been paid in full in cash and the discharge on or before implementation of all security with respect thereto;
  - g. the New First Lien Notes Indenture, New First Lien Notes Security, and all related agreements and other documents necessary to consummate the Plan shall have become effective, subject only to implementation of the Plan;
  - h. all agreements and other documents and other instruments relating to the Plan shall be in form and content satisfactory to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, as applicable and as set forth in the Restructuring and Support Agreement;
  - i. any applicable governmental, regulatory and judicial consents or orders, and other similar consents and approvals, and all filings with all governmental authorities, securities commissions and other regulatory authorities having jurisdiction, in each case to the effect necessary for the completion of the transactions contemplated by the Plan or any aspect thereof, shall have been made, obtained or received and are not subject to any reversal or stay;

- j. reorganized Catalyst shall be a reporting issuer in certain provinces of Canada, and Catalyst's bylaws shall have been amended by its board of Directors to provide that reorganized Catalyst will use reasonable efforts to maintain its status as a reporting issuer in one or more provinces of Canada;
- k. the Debtors shall have taken all necessary corporate actions and proceedings in connection with the Plan, including the execution and filing of any articles of amendment or reorganization or other document to implement the Plan, which shall be in form and substance satisfactory to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders;
- l. all agreements and documents necessary to implement and give effect to the Plan shall have been executed and delivered by all relevant Persons;
- m. all steps, conditions and documents necessary to the implementation of the Plan (including without limitation those set out above) are capable of being implemented on or before the Effective Date;
- n. no action shall have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgement in respect of, or damages on account of, or relating to, the Plan;
- o. the New Labour Contracts remain effective and PPWC and CEP continue to abide by the terms thereof in all material respects and are not disputing the effectiveness thereof;
- p. the letters of credit posted as collateral for the KERP shall have been cancelled in exchange for the KERP Charge, and all cash collateral with respect thereto returned to Catalyst. In addition, the KERP shall have been modified and a Court Order obtained approving same as follows:

Solely with respect to the "Tier I" and "Tier II" beneficiaries of the KERP (as identified in the KERP), the retention payments scheduled under the KERP shall be made as follows:

- i. 45% (or \$1.9 million) to be paid on December 31, 2012;
- ii. 25% (or \$1 million) to be paid on December 31, 2013; and
- iii. 30% (or \$1.3 million) to be paid on December 31, 2013, *provided, however*, that such payment shall not be made unless and until any outstanding PIK Notes have been paid in cash in full;

or in another manner acceptable to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders;

- q. the Restructuring Expenses incurred through and including the Effective Date shall have been paid in full or otherwise satisfied or arranged; and
- r. Catalyst shall have obtained the regulatory assistance from the Government of British Columbia so as to implement the changes to the Catalyst Retirement Plan for Salaried Employees as are detailed as being based on Option 4 augmented by its proposed Special Portability Option in the Proposal for Regulatory Assistance submitted to the Government of British Columbia by Catalyst on May 27, 2012.

#### **Section 5.2 Waiver of Conditions.**

Any Condition Precedent other than any statutory requirements regarding the voting, approval and sanctioning of the Plan pursuant to the provisions of the CCAA may only be waived by the Debtors with the written consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and, to the extent that any such waiver implicates any right or duty of the First Lien Notes Indenture Trustee under the First Lien Notes Indenture or the Unsecured Notes Indenture Trustee under the Unsecured Notes Indenture, the applicable Indenture Trustee.

#### **Section 5.3 Monitor's Certificate**

Upon being advised in writing by counsel for the Debtors and counsel for the Initial Supporting Noteholders that the Conditions Precedent have been satisfied or waived in accordance with Section 5.2 hereof and that the Plan is capable of being implemented, the Monitor shall file with the Court a certificate stating that all Conditions Precedent of the Plan have been satisfied or waived in accordance with the Plan and that the Plan is capable of being implemented forthwith.

#### **Section 5.4 Failure to Satisfy Conditions Precedent**

If the Conditions Precedent are not satisfied or waived in accordance with Section 5.2 hereof on or before the day which is 45 days after the date on which the Sanction Order is issued or such later date as may be specified by the Debtors (with the consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and in accordance with the Restructuring and Support Agreement), the Plan shall not be implemented and the Plan and the Sanction Order shall cease to have any further force or effect.

### **ARTICLE 6 IMPLEMENTATION OF PLAN**

#### **Section 6.1 Cancellation of Securities and Indentures**

On the Effective Date, except as otherwise provided in the Plan, all notes, shares, instruments, certificates, indentures, guarantees, and other documents or agreements evidencing the First Lien Notes Claims, the Unsecured Notes Claims, and Equity Interests, including, without limitation, the First Lien Notes, the Unsecured Notes, the First Lien Notes Indentures, and the Unsecured Notes Indenture, shall be deemed automatically cancelled and shall be of no

further force or effect, whether surrendered for cancellation or otherwise, and the obligations of the Debtors thereunder or in any way related thereto shall be satisfied and discharged, except to the extent expressly set forth in Section 6.02 of the Unsecured Notes Indenture and Section 6.06 of the First Lien Notes Indenture. Notwithstanding the foregoing, (i) an aggregate principal amount of the First Lien Note Claims equal to the aggregate principal amount of the New First Lien Notes and the fair market value of the New Common Shares shall be cancelled and of no further force and effect, whether surrendered for cancellation or otherwise, at 12:01 a.m. on the Business Day next following the Effective Date, and (ii) the Equity Interests shall be cancelled and be of no further force and effect immediately prior to the issuance of the New Common Shares pursuant to Section 6.2(2) hereof.

## **Section 6.2 Issuance of Plan Securities**

### **1. New First Lien Notes**

At 12:01 a.m. on the Business Day next following the Effective Date, the New First Lien Notes shall be issued pursuant to the New First Lien Notes Indenture.

### **2. New Common Shares**

At 12:01 a.m. on the Business Day next following the Effective Date, reorganized Catalyst shall issue 14,400,000 New Common Shares to the First Lien Noteholders and shall on such date or as soon as practicable thereafter issue such additional New Common Shares as are required to be delivered to Equity Election Creditors in accordance with the terms hereof.

It is contemplated that reorganized Catalyst shall be a reporting issuer in certain provinces in Canada and, on or as soon as reasonably practicable after the Effective Date, reorganized Catalyst shall use commercially reasonable efforts to cause the New Common Shares to be approved for listing by the TSX or other securities exchange acceptable to the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, subject to standard listing conditions; *provided, however*, that under no circumstances shall reorganized Catalyst be required to undertake a public offering to satisfy the standard listing conditions if such listing conditions are not otherwise met.

## **Section 6.3 Equity Election**

On or before seven (7) days after the date of the Sanction Order, the Monitor shall distribute to all Unsecured Creditors who are not Cash Election Creditors, in accordance with the solicitation procedures set forth in the Meetings Order, an Equity Election Package.

To make a valid Equity Election, on or before the Equity Election Deadline:

- a. General Unsecured Creditors who are not Cash Election Creditors must return a completed Equity Election Form to the Monitor; and
- b. Unsecured Noteholders must return a completed Equity Election Form to such holder's Solicitation Agent (as such term is defined in the Meetings Order).

#### **Section 6.4 Sale of PREI in Accordance with the SISP**

As soon as reasonably practicable following the Effective Date, in accordance with the SISP, as such shall be amended in accordance with Section 6.5 hereof, the reorganized Debtors shall use commercially reasonable efforts to market and sell PREI in accordance with the SISP, in order to effect the distribution of the PREI Proceeds Pool.

#### **Section 6.5 Amendment of the SISP Order**

As soon as reasonably practicable following the date of the Sanction Order, the reorganized Debtors shall obtain those amendments to the SISP Order and the SISP as may be required to effect the sale of PREI as contemplated herein. For greater certainty, it is not contemplated that there will be a Stalking Horse Bid (as such term is defined in the SISP Order) in respect of PREI.

#### **Section 6.6 Delivery and Allocation Procedures**

##### 1. Delivery and Allocation of Plan Securities to First Lien Noteholders

Delivery of certificates representing the Plan Securities to which the First Lien Noteholders are entitled under the Plan shall be made on or before the third (3rd) Business Day following the Effective Date.

The First Lien Notes are held by DTC. To the extent any or all of the Plan Securities are eligible to be distributed through DTC, the delivery of interests in Plan Securities to First Lien Noteholders will be made through the facilities of DTC to DTC participants, who, in turn will make delivery of interests in such Plan Securities to the beneficial holders of such First Lien Notes pursuant to standing instructions and customary practices. To the extent any or all of the Plan Securities are not eligible to be distributed through DTC, delivery shall be made by distributing physical certificates to First Lien Noteholders through the facilities of DTC or the First Lien Notes Indenture Trustee, as applicable. The Debtors and the Indenture Trustees will have no liability or obligation in respect of any deliveries from DTC, or its nominee, to DTC participants or to beneficial holders.

##### 2. Delivery and Allocation of New Common Shares to Equity Election Creditors

On or as soon as reasonably practicable after the later of (a) the Effective Date and (b) the Business Day following the date all Disputed Claims have been (i) Allowed or (ii) determined by Final Order in accordance with the Claims Procedure Order, delivery of each Equity Election Creditor's pro rata share (calculated by reference to Section 3.2) of 600,000 New Common Shares shall be made.

##### *Delivery to Unsecured Noteholders*

The Unsecured Notes are held by DTC. To the extent the New Common Shares are eligible to be distributed through DTC, the delivery of interests in New Common Shares to Unsecured Noteholders who have made a valid Equity Election will be made through the facilities of DTC to DTC participants, who, in turn will make delivery of interests in such New

Common Shares to the beneficial holders of such Unsecured Notes entitled thereto pursuant to standing instructions and customary practices. To the extent the New Common Shares are not eligible to be distributed through DTC, delivery shall be made by distributing physical certificates to Unsecured Noteholders through the facilities of DTC or the Unsecured Notes Indenture Trustee, as applicable. The Debtors and the Indenture Trustees will have no liability or obligation in respect of any deliveries from DTC, or its nominee, to DTC participants or to beneficial holders.

*Delivery to General Unsecured Creditors Outside the United States*

Delivery of New Common Shares to General Unsecured Creditors located outside the United States who have made a valid Equity Election will be made by mailing physical certificates to such General Unsecured Creditors by pre-paid ordinary mail to the address specified in such Creditor's Equity Election Form, Claims Amount Notice (as such term is defined in the Claims Procedure Order) or Proof of Claim.

*Delivery to U.S. Distribution Agent and Process for Distribution to General Unsecured Creditors In the United States*

The Debtors have designated a U.S. Distribution Agent for the purpose of distributing New Common Shares to those General Unsecured Creditors located in the United States who have made a valid Equity Election. The Debtors shall seek an Order from the U.S. Court in the Chapter 15 Proceedings with respect to the fairness of the transaction and otherwise approving the sale by the U.S. Distribution Agent on behalf of the Debtors to those eligible General Unsecured Creditors located in the United States of sufficient New Common Shares to match the number of New Common Shares that such eligible General Unsecured Creditors would have received, had such eligible General Unsecured Creditors been located outside of the United States. The sale of New Common Shares shall be in full and final satisfaction of and in exchange for all Allowed General Unsecured Claims held by those General Unsecured Creditors located in the United States who have made a valid Equity Election.

On or as soon as reasonably practicable after the later of (a) the Effective Date, (b) the Business Day following the date all Disputed Claims have been (i) Allowed or (ii) determined by Final Order in accordance with the Claims Procedure Order, and (c) the Business Day following the date of the Order from the U.S. Court becoming a Final Order, the Debtors shall deliver the New Common Shares to the U.S. Distribution Agent by delivering the physical certificates for the New Common Shares to the U.S. Distribution Agent.

The U.S. Distribution Agent shall distribute the New Common Shares consistent with the Order from the U.S. Court to those General Unsecured Creditors located in the United States who have made a valid Equity Election by mailing physical certificates to such General Unsecured Creditors by pre-paid ordinary mail to the address specified in such Creditor's Equity Election Form, Claims Amount Notice (as such term is defined in the Claims Procedure Order) or Proof of Claim.

3. Delivery of PREI Proceeds Pool to Unsecured Creditors Who Are Not Equity Election Creditors

On or as soon as reasonably practicable after the later of (a) the Effective Date, (b) the Business Day following the date all Disputed Claims have been (i) Allowed or (ii) determined by Final Order in accordance with the Claims Procedure Order and (c) the Business Day following the closing of the sale of PREI, the Monitor shall distribute to each Affected Unsecured Creditor with an Allowed Unsecured Claim who has not made a valid Equity Election, such Creditor's pro rata share (calculated by reference to Section 3.2) of the PREI Proceeds Pool.

Delivery of cash to each Affected Unsecured Creditor with an Allowed Unsecured Claim who has not made a valid Equity Election will be made by way of cheque sent by pre-paid ordinary mail to the address specified in such Creditor's Claims Amount Notice (as such term is defined in the Claims Procedure Order) or Proof of Claim, or, if such Unsecured Creditor is an Unsecured Noteholder, to the DTC participant holding such Creditor's Unsecured Notes as at the Effective Time.

To the extent any part of the PREI Proceeds Pool remains after distribution to Affected Unsecured Creditors in accordance with the terms hereof, the Monitor shall return such cash to reorganized Catalyst.

4. Delivery of Convenience Cash Amounts to General Unsecured Cash Creditors

On or as soon as reasonably practicable after the later of (a) the Effective Date and (b) the Business Day following the date all Disputed Claims of General Unsecured Cash Creditors have been (i) Allowed or (ii) determined by Final Order in accordance with the Claims Procedure Order, the Monitor shall distribute to each Affected General Unsecured Cash Creditor with an Allowed General Unsecured Claim, such Creditor's Convenience Cash Amount (or its pro rata share of the Maximum Convenience Claims Pool in the event that the aggregate amount of all Convenience Cash Amounts exceeds the Maximum Convenience Claims Pool) by way of cheque sent by pre-paid ordinary mail to the address specified in such Creditor's Claims Amount Notice (as such term is defined in the Claims Procedure Order) or Proof of Claim.

**Section 6.7 Tax Election**

An Eligible Holder who is receiving New Common Shares shall be entitled to make an income tax election pursuant to subsection 85(1) of the Tax Act or, if the holder is a partnership, subsection 85(2) of the Tax Act (and in each case, where applicable, the analogous provisions of provincial income tax law) with respect to the transfer of such holder's First Lien Notes or Unsecured Notes to Catalyst at the amount determined by such Eligible Holder, subject to the limitations set out in subsection 85(1) of the Tax Act (or any applicable tax legislation).

**Section 6.8 Exchange Warrants**

Any Electing Noteholder may, by giving notice to Catalyst, with copies to counsel for the Initial Supporting Noteholders as set forth in Subsection 8.9(ii) hereof, in the form prescribed in the Meetings Order, such notice to be delivered to Catalyst on or prior to the date of the Meetings, elect to receive Exchange Warrants in lieu of any Excess New Common Shares such

Noteholder would have otherwise received under the Plan in the absence of providing such notice. Delivery by Catalyst of Exchange Warrants exercisable for a number of New Common Shares equal to the number of Excess New Common Shares an Electing Noteholder would otherwise have received under the Plan but for delivering such notice will satisfy in full the obligation Catalyst would otherwise have had under the Plan to deliver such number of New Common Shares to the Electing Noteholder.

#### **Section 6.9 Withholding Rights**

Catalyst, the Monitor and/or the Indenture Trustees shall be entitled to deduct and withhold from any consideration or distribution otherwise payable to any Noteholder or General Unsecured Creditors such amounts as Catalyst, the Monitor and/or the Indenture Trustees are required to deduct and withhold with respect to such payment under Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Catalyst, the Monitor and/or the Indenture Trustees are hereby authorized to sell or otherwise dispose of such portion of the consideration (including to exercise Exchange Warrants, if necessary, provided at no time shall an Electing Noteholder hold in excess of 20% of the New Common Shares) as is necessary to provide sufficient funds to Catalyst, the Monitor and/or the Indenture Trustees, as the case may be, to enable it to comply with such deduction or withholding requirement and Catalyst, the Monitor and/or the Indenture Trustees shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

#### **Section 6.10 Calculations**

All amounts of consideration to be received hereunder will be calculated to the nearest cent (\$0.01). All calculations and determinations made by Catalyst for the purposes of and in accordance with the Plan, including, without limitation, the allocation of the consideration, shall be conclusive, final and binding upon the Affected Creditors and the Debtors.

#### **Section 6.11 Initial Board of Directors of Reorganized Catalyst**

On the Effective Date:

- a. the initial board of directors of reorganized Catalyst shall be composed of seven members;
- b. all existing members of the board shall be deemed to be removed;
- c. five members of the initial board, designated by the Majority Initial Supporting Noteholders not less than ten days prior to the Effective Date, shall be deemed to be appointed as directors of reorganized Catalyst;
- d. one member of the initial board, designated by the Initial Supporting Unsecured Noteholders not less than ten days prior to the Effective Date, shall be deemed to be appointed as a director of reorganized Catalyst; and



- e. the Chief Executive Officer shall be deemed to be appointed as a director of reorganized Catalyst.

#### **Section 6.12 Initial Management of Reorganized Catalyst**

The senior management team upon and immediately following the consummation of the Plan shall be the same as the senior management team immediately prior to consummation of the Plan.

#### **Section 6.13 Restructuring Expenses**

In accordance with the Restructuring and Support Agreement, all reasonable and documented fees and expenses, incurred through and including the Effective Date, of the Initial Supporting First Lien Noteholders, the Initial Supporting Unsecured Noteholders, and the First Lien Notes Indenture Trustee, including all reasonable documented fees and expenses incurred by the legal and financial advisors of such parties, shall be paid in cash. Without limiting the foregoing, for the avoidance of doubt, the legal and financial advisors to be paid pursuant to this Section 6.13 include (a) Akin Gump Strauss Hauer & Feld LLP, (b) Fraser Milner Casgrain LLP, (c) Morris, Nichols, Arsht & Tunnell LLP, (d) Moelis & Co., (e) Kelley Drye & Warren LLP, (f) Chaitons LLP, (g) Goodmans LLP, (h) Kramer Levin Naftalis & Frankel LLP, (i) Houlihan Lokey, and (j) one local counsel in any single jurisdiction for each of (i) the Initial Supporting Unsecured Noteholders and (ii) the First Lien Notes Indenture Trustee.

### **ARTICLE 7 EFFECT OF THE PLAN**

#### **Section 7.1 Binding Effect of the Plan**

The Plan (including, without limitation, the releases and injunctions contained herein), upon being sanctioned and approved by the Court pursuant to the Sanction Order and the Sanction Order being recognized by the U.S. Court, shall be binding as of the Effective Date on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall constitute:

- a. a full, final and absolute settlement of all rights of the Affected Creditors and Existing Shareholders;
- b. cancellation of the Equity Interests; and
- c. an absolute release, satisfaction and discharge of all indebtedness, liabilities and obligations of the Debtors of or in respect of the Affected Claims and Equity Interests.

#### **Section 7.2 Consents, Waivers and Agreements**

From and after the Effective Date, each Affected Creditor and other Persons shall be deemed to have consented and to have agreed to all of the provisions of the Plan in its entirety. In particular, each Affected Creditor and other Persons shall be deemed:

- a. to have executed and delivered to the Monitor and the Debtors all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- b. to have waived any and all defaults then existing or previously committed by the Debtors in any covenant, warranty, representation, term, provision, condition or obligations, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor or other Person and the Debtors and any and all notices of default and demands for payment under any instrument, including without limitation any guaranty, shall be deemed to have been rescinded.

### **Section 7.3 Release of Released Parties**

As of the Effective Date, to the extent permitted by law, each of the Released Parties shall be released and discharged from any and all demands, claims, liabilities, obligations, causes of action, damages, executions or other recoveries, known or unknown, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Date relating to, arising out of, or in connection with the Securities, the First Lien Notes Indentures, the Unsecured Notes Indenture, the Restructuring and Support Agreement, the Plan, the Prior CBCA Proceedings, the CCAA Proceedings, the Chapter 15 Proceedings, and any proceedings commenced with respect to or in connection with the Plan; *provided, however*, that nothing in this paragraph shall release or discharge any of the Released Parties from or in respect of its obligations under the Plan or the Restructuring and Support Agreement and to comply with and to make the distributions set out therein; *provided, further, however*, that such release and discharge shall not include any Unaffected Claims against the Debtors; *provided, further, however*, that nothing herein will release or discharge a Released Party if the Released Party is determined by a Final Order of a court of competent jurisdiction to have committed wilful misconduct or fraud.

### **Section 7.4 Exculpation**

To the extent permitted under applicable law, the Released Parties shall not have or incur any liability for any act or omission in connection with, related to, or arising out of the Prior CBCA Proceedings, the CCAA Proceedings or the Chapter 15 Proceedings, the formulation, preparation, dissemination, negotiation or filing of the Plan and related information circular or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or related information circular, the pursuit of sanctioning the Plan, the consummation, administration or implementation of the Plan, or the property to be distributed under the Plan, including the issuance of the securities thereunder or under any related agreement; *provided, however*, that this Section 7.4 shall not include any act or omission that is determined by Final Order of a court of competent jurisdiction to have constituted gross negligence, wilful misconduct or fraud.

**Section 7.5 Injunction**

All Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Date, with respect to claims against the Released Parties, from:

- a. commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;
- b. enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property;
- c. commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;
- d. creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or
- e. taking any actions to interfere with the implementation or consummation of the Plan or the transactions contemplated therein.

This Section 7.5 does not apply to any Unaffected Claims or to the enforcement of any obligations under the Plan.

**Section 7.6 Responsibilities of the Monitor**

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings and the Monitor will not be responsible or liable for any obligations of the Debtors hereunder. The Monitor will have only those powers granted to it by this Plan, by the CCAA and by any Order of the Court in the CCAA Proceedings, including the Amended and Restated Initial Order.

**ARTICLE 8  
GENERAL**

**Section 8.1 Amendment**

The Debtors shall be entitled, upon prior consultation with the Monitor, at any time and from time to time, to amend, restate, modify or supplement the Plan, provided that:

- a. if made prior to the Meetings, the Debtors (i) obtain the prior consent of the Monitor, (ii) file the amended Plan with the Court, (iii) serve the amended Plan on the parties listed on the service list to these CCAA Proceedings, (iv) provide reasonable notice of the amended Plan to Creditors that have filed proxies with the Monitor to the extent that such Creditors are not on the service list, and (v) request the Monitor to post the amended Plan on the Monitor's website at [www.pwc.com/car-catalystpaper](http://www.pwc.com/car-catalystpaper);
- b. if made during a Meeting, (i) the prior consent of the Monitor is obtained, (ii) the amendment would not be materially prejudicial to the interests of any of the Creditors under the Plan, and (iii) notice of the amendment is given to all Creditors eligible to vote and present at the Meetings prior to the vote being taken; in which case the amended Plan shall be promptly posted on the Monitor's website at [www.pwc.com/car-catalystpaper](http://www.pwc.com/car-catalystpaper) and filed with the Court; and
- c. if made after the Meetings and, without further order of the Court or notice to any Creditor, the Debtors and the Monitor, acting reasonably and in good faith, determine the variation, amendment, modification or supplement in the amended Plan to be (i) of a technical or administrative nature that would not prejudice the interests of any of the Creditors under the Plan and (ii) necessary in order to give effect to the substance of the Plan or the Sanction Order;

*provided, however,* that the Plan may not be modified, amended or supplemented in any manner without the express written consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, and, solely to the extent of any modification, amendment or supplement materially inconsistent with the Restructuring and Support Agreement, without the express written consent of the Initial Supporting Unsecured Noteholders.

**Section 8.2 Paramountcy**

From and after the Effective Date, if there is any conflict between any provision(s) of the Plan or Sanction Order and any provision of any other contract, document, agreement or arrangement, written or oral, between any Creditor and any Debtor in existence on the Effective Date, the provision(s) of the Plan and Sanction Order shall govern.

### **Section 8.3 Termination**

At any time prior to the Effective Date, the Debtors, with the consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, may determine not to proceed with this Plan notwithstanding the obtaining of the Sanction Order. If the Conditions Precedent are not satisfied or waived as provided for in this Plan, if the Debtors determine not to proceed with this Plan, with the consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, or if the Sanction Order is not issued by the Court: (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void, and (c) nothing contained in this Plan, and no act taken in preparation of the consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims or any defences thereto by or against any of the Affected Creditors or any other Person, (ii) prejudice in any manner the rights of any of the Affected Creditors or any other Person in any further proceedings involving the Debtor, or (iii) constitute an admission of any sort by the Applicants, the Affected Creditors or any other Person.

### **Section 8.4 Severability**

If, prior to the Effective Date, any term or provision of the Plan is held by the Court to be invalid, void, or unenforceable, the Court, at the request of the Debtors and with the consent of the Majority Initial Supporting Noteholders, in consultation with the Initial Supporting Unsecured Noteholders, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Sanction Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable.

### **Section 8.5 Successors and Assigns**

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, or successor or assign of such Person.

### **Section 8.6 Further Assurances**

Notwithstanding that the transactions and events set out in the Plan shall occur and be deemed to occur in the order set out herein without any other additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by Catalyst in order to better implement the Plan.

**Section 8.7 Entire Agreement**

Except as otherwise indicated, upon the Effective Date, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

**Section 8.8 Exhibits and Related Documents**

All schedules, exhibits and documents filed in relation to the Plan are incorporated into and are a part of the Plan as if set forth in full in the Plan.

**Section 8.9 Notices**

Any notices or communication to be made or given hereunder shall be in writing and shall reflect this Plan and may, subject as hereinafter provided, be made or given by the Person making or giving it or by any agent of such Person authorized for that purpose by personal delivery, by prepaid mail or by e-mail addressed to the respective parties as follows:

- (i) if to the Debtors:

Catalyst Paper Corporation  
2nd Floor, 3600 Lysander Lane  
Richmond, BC V7B 1C3  
Attention: David Adderley, General Counsel  
E-mail address: david.adderley@catalystpaper.com

and

Blake, Cassels & Graydon LLP  
595 Burrard Street  
P.O. Box 49314  
Suite 2600, Three Bentall Centre  
Vancouver BC V7X 1L3  
Attention: William C. Kaplan Q.C. and Peter Rubin, Esq.  
E-mail addresses: bill.kaplan@blakes.com and peter.rubin@blakes.com

with copies (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP  
222 Bay Street, Suite 1750  
P.O. Box 258  
Toronto, Ontario M5K 1J5  
Attention: Christopher W. Morgan, Esq.  
E-mail address: Christopher.morgan@skadden.com

and

Skadden, Arps, Slate, Meagher & Flom LLP  
 300 South Grand Avenue  
 Suite 3400  
 Los Angeles, CA 90071  
 Attention: Van C. Durrer II, Esq.  
 E-mail address: van.durrer@skadden.com

(ii) if to an Initial Supporting Noteholder or a transferee thereof, to the addresses set forth below such Noteholder's signature on the Restructuring and Support Agreement (or as directed by any transferee thereof), as the case may be:

with copies (which shall not constitute notice) to:

Fraser Milner Casgrain LLP  
 Royal Trust Tower  
 77 King Street West  
 Toronto, ON M5K 0A1  
 Attention: Ryan C. Jacobs, Esq., R. Shayne Kukulowicz, Esq., and John R. Sandrelli, Esq.  
 E-mail address: ryan.jacobs@fmc-law.com, shayne.kukulowicz@fmc-law.com, john.sandrelli@fmc-law.com

and

Akin Gump Strauss Hauer & Feld LLP  
 One Bryant Park  
 New York, NY 10036  
 Attention: Michael S. Stamer, Esq., Stephen B. Kuhn, Esq., and Meredith A. Lahaie, Esq.  
 E-mail addresses: mstamer@akingump.com, skuhn@akingump.com, mlahaie@akingump.com

and

Goodmans LLP  
 Bay Adelaide Centre  
 333 Bay Street, Suite 3400  
 Toronto, ON M5H 2S7  
 Attention: Robert Chadwick, Esq., and Melaney Wagner, Esq.  
 E-mail address: rchadwick@goodmans.ca, mwagner@goodmans.ca

(iii) if to the Monitor:

PricewaterhouseCoopers Inc.  
 250 Howe Street, Suite 700  
 Vancouver, BC V6C 3S7

Attention: Michael J. Vermette, Neil Bunker  
E-mail address: michael.j.vermette@ca.pwc.com, neil.p.bunker@ca.pwc.com

with copies (which shall not constitute notice) to:

Fasken Martineau L.P.  
2900-550 Burrard Street  
Vancouver, BC V6C 0A3  
Attention: John Grieve, Esq., and Kibben Jackson, Esq.  
E-mail address: jgrieve@fasken.com; kjackson@fasken.com

Any notice given by delivery, mail, e-mail, or courier shall be effective when received.

DATED at Vancouver, British Columbia, as of the 14th day of June, 2012.



**Schedule "D"**

No. S120712  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

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

**AND**

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,  
R.S.C. 1985, c. C-44**

**AND**

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c. 57**

**AND**

**IN THE MATTER OF CATALYST PAPER CORPORATION  
AND THE PETITIONERS LISTED IN SCHEDULE "A"  
TO THE PETITION FILED ON JANUARY 31, 2012**

**PETITIONERS**

**MONITOR'S CERTIFICATE**

**(Plan Implementation)**

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Second Amended and Restated Plan of Compromise and Arrangement concerning, affecting and involving Catalyst Paper Corporation and the entities listed on Schedule "A" thereto (collectively with Catalyst Paper General Partnership, the "**Petitioner Parties**") dated June 14, 2012 (the "**Plan**"), as such Plan may be further amended, varied or supplemented by the Petitioner Parties from time to time in accordance with the terms thereof.

PURSUANT TO AN ORDER of the Honourable Justice Sewell of the British Columbia Supreme Court (the “**Court**”) dated January 31, 2012, PricewaterhouseCoopers Inc. was appointed the monitor (the “**Monitor**”) of the Petitioner Parties.

PURSUANT TO PARAGRAPH [●] OF THE ORDER of the Court made in these proceedings on the [●] day of [●], 2012 (the “**Order**”), the Monitor hereby certifies as follows:

1. The Monitor has received a written notice from counsel for the Petitioner Parties and counsel for the Initial Supporting Noteholders that the conditions set out in section 5.1 of the Plan have been satisfied or waived in accordance with the Plan; and
2. The Monitor knows of no reason why the Plan could not be implemented forthwith.

**DATED at the City of Vancouver, in the Province of British Columbia, this [●] of [●], 2012.**

**PRICEWATERHOUSECOOPERS INC. in its  
capacity as court-appointed Monitor of the  
Petitioners and not in its personal capacity**

By: \_\_\_\_\_

**Name**

\_\_\_\_\_  
**Title**

**Schedule "E"**

No. S120712  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

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

**AND**

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,  
R.S.C. 1985, c. C-44**

**AND**

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c. 57**

**AND**

**IN THE MATTER OF CATALYST PAPER CORPORATION  
AND THE PETITIONERS LISTED IN SCHEDULE "A"  
TO THE PETITION FILED ON JANUARY 31, 2012**

**PETITIONERS**

**MONITOR'S CERTIFICATE**

**(Plan Termination)**

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Second Amended and Restated Plan of Compromise and Arrangement concerning, affecting and involving Catalyst Paper Corporation and the entities listed on Schedule "A" thereto (collectively, with Catalyst Paper General Partnership the "**Petitioner Parties**") dated June 14, 2012 (the "**Plan**"), as such Plan may be further amended, varied or supplemented by the Petitioner Parties from time to time in accordance with the terms thereof.

PURSUANT TO AN ORDER of the Honourable Justice Sewell of the British Columbia Supreme Court (the “**Court**”) dated January 31, 2012, PricewaterhouseCoopers Inc. was appointed the monitor (the “**Monitor**”) of the Petitioner Parties.

PURSUANT TO PARAGRAPH [•] OF THE ORDER of the Court made in these proceedings on the [•] day of [•], 2012 (the “**Order**”), the Monitor hereby certifies as follows:

1. All of the Monitor’s duties in respect of the Petitioner Parties pursuant to the CCAA, the Plan and all applicable Orders of this Court have been completed.

**DATED at the City of Vancouver, in the Province of British Columbia, this [•] of [•], 2012.**

**PRICEWATERHOUSECOOPERS INC. in its  
capacity as court-appointed Monitor of the  
Petitioners and not in its personal capacity**

By:

\_\_\_\_\_

**Name**

\_\_\_\_\_

**Title**