

**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 NELSON EDUCATION LTD. AND
NELSON EDUCATION HOLDINGS LTD.**

Applicants

RESPONDING MOTION RECORD

(Returnable: August 13, 2015)

July 22, 2015

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Association, as the First Lien Agent,
Cortland Capital Market Services LLC, as
the Supplemental Agent, and the First Lien
Steering Committee

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Court File No. CV15-10961-00CL

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Applicants

AFFIDAVIT OF ALLAN L. GROPPER
(Sworn July 22, 2015)

I, Allan L. Gropper, of the City of New York, in the State of New York, U.S.A., MAKE
OATH AND SAY:

1. I have been a member of the bar of the State of New York since 1969. In 2000 I was appointed a bankruptcy judge in the Southern District of New York, which encompasses Manhattan and the Bronx. I retired as a judge in January 2015 at the conclusion of my 14-year term. A copy of my curriculum vitae is attached as Exhibit "A".
2. I have been retained by counsel for the First Lien Lenders and requested to provide my opinion, as an expert witness, on various matters under New York law. A copy of my opinion, in the form of a letter to counsel dated July 22, 2015, is attached as Exhibit "B". Exhibit "B" identifies the issues I was asked to consider and sets out my opinion on those matters.
3. In giving my expert opinion in this proceeding, I am aware that it is my duty to assist the Court and not to be an advocate for any party. I have prepared my opinion in conformity with that duty and, if I am called upon to testify, I will testify in conformity with that duty.

SWORN BEFORE ME in the City of New York, in the State of New York this 22nd day of July, 2015.

[Handwritten Signature]
A Notary Public

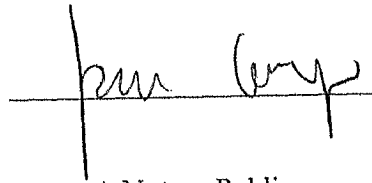
[Handwritten Signature]
ALLAN L. GROPPER

REBECCA B. CORDY
Notary Public, State of New York
No. 01CO8315535
Qualified in New York County
Commission Expires Nov. 24, 2018

TAB

2

This is Exhibit "A"
to the Affidavit
of Allan L. Gropper
Sworn July 22, 2015

A handwritten signature in cursive script, appearing to read "Rebecca B. Cordy", is written over a horizontal line.

A Notary Public

REBECCA B. CORDY
Notary Public, State of New York
No. 01CO6315535
Qualified in New York County
Commission Expires Nov. 24, 2018

ALLAN L. GROPPER
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NEW YORK, NEW YORK 10023
917-714-7605

CURRICULUM VITAE

June 2015

Professional Employment

United States Bankruptcy Judge
Southern District of New York
2000-2015

Partner, White & Case LLP
New York, New York
1978-2000

Associate, White & Case LLP
New York, New York
1972-1978

Education

Yale University, B.A., cum laude, 1965

Harvard Law School, J.D., cum laude, 1969

Professional Activities

Adjunct Professor of Law, Fordham Law School

Fellow, American College of Bankruptcy

Member, National Bankruptcy Conference

Treasurer, Association of the Bar of the City of New York, 2011-2015, and past member and chair of the Executive Committee

Publications

Author, The Curious Disappearance of Choice of Law as an Issue in Chapter 15 Cases, 9 Brook. J. Corp. Fin. & Com. L. 57 (2015)

Author, The Arbitration of Cross-Border Insolvencies, 86 Amer. Bankr. L. J. 201 (2012)

Author, The Model Law After Five Years: The U.S. Experience with COMI, 2011 Norton Ann. Rev. of Intl. Insolvency 13

Author, The Payment of Priority Claims in Cross-Border Insolvency Cases, 46 Tex. Intl. L. J. 559 (2011)

Author, Comments on the Articles of Professors Baird and Janger, 4 Brook. J. Corp. Fin. & Com. L. 59 (2009)

Contributing author, Bufford, U.S. International Insolvency Law (Oxford Univ. Press 2009)

Author, Current Developments in International Insolvency Law, 15 J. Bankr. L. & Proc. 2 (Apr 2006)

Editor, International Insolvency, with Carl Felsenfeld and Howard Beltzer (2000)

Contributing Editor, Collier on Bankruptcy

Lectures, Continuing Legal Education

Adjunct Professor, Fordham Law School, teaching courses in Business Bankruptcy, Chapter 11 Reorganizations, and International Insolvency, since 2007

Lecturer, INSOL International Global Insolvency Practice Course, since 2012

Lecturer, Practising Law Institute, on aspects of Chapter 11 practice, since 2006

Lecturer, American College of Bankruptcy course in international insolvency, since 2010

Frequent lecturer to bar and professional groups and to judges on all aspects of insolvency law and practice, in the United States, Canada and Europe

Bar Admissions

New York, 1969

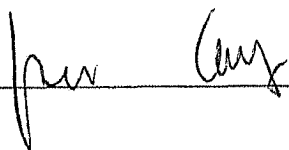
U.S. District Courts, Southern and Eastern Districts of New York, 1971

U.S. Supreme Court and Circuit Courts, various since 1971

TAB

3

This is Exhibit "B"
to the Affidavit
of Allan L. Gropper
Sworn July 22, 2015

A handwritten signature in black ink, appearing to read "Rebecca B. Cordy", is written over a horizontal line.

A Notary Public

REBECCA B. CORDY
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No. 01CO8315535
Qualified in New York County
Commission Expires Nov. 24, 2018

ALLAN L. GROPPER
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July 22 , 2015

Kevin J. Zych, Esq.
Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4
Canada

Dear Mr. Zych:

This letter provides, and sets forth the basis for, my opinion regarding certain issues of New York law that have arisen in connection with the following documents: (i) the Intercreditor Agreement (the "Intercreditor Agreement") among Nelson Education Ltd. ("Nelson"), Nelson Education Holdings Ltd. ("Holdings"), Wilmington Trust, National Association, as successor collateral agent to Royal Bank of Canada, for certain First Lien Obligations of Nelson and Holdings (the "First Lien Collateral Agent") and Royal Bank of Canada as Second Lien Collateral Agent for certain Second Lien Obligations of Nelson and Holdings (the "Second Lien Collateral Agent"); and (ii) the First and Second Lien Credit Agreements, each dated as of July 5, 2007 (collectively, the "Credit Agreements"), under which the First and Second Lien Lenders, respectively, extended credit to Nelson and/or Holdings. The Intercreditor Agreement and Credit Agreements are governed by New York law. Under the respective Credit Agreements, the First Lien Collateral Agent is also the First Lien Administrative Agent (collectively, the "First Lien Agent"), and the Second Lien Collateral Agent is also the Second Lien Administrative Agent (collectively, the "Second Lien Agent").

Qualifications

I have been a member of the bar of the State of New York since 1969. From 1972 to 1999, I practiced commercial law in the New York office of the firm of White & Case, becoming a partner in the litigation department in 1978. In the 1980's I began to work extensively on bankruptcy and reorganization proceedings and was appointed head of the firm's Bankruptcy and Reorganization practice group. From 1999-2000 I was located in the firm's Hong Kong office, and in 2000 I was appointed a bankruptcy judge in the Southern District of New York, which encompasses Manhattan and the Bronx. Although the bankruptcy court is a specialized tribunal in the United States, judges are frequently called upon to consider and rule on issues of contract construction governed by state law. I retired as a judge in January 2015 at the conclusion of my 14-year term.

During my career I became thoroughly familiar with complex commercial transactions and was frequently called upon to review documents governed by New York law. I was a member of White & Case's opinion committee and understand the nature and importance of a carefully considered and

reasoned legal opinion. I have provided evidence as an expert on matters of New York law and the construction of financial instruments.

Background

In 2007 Nelson became obligated under the First and Second Lien Credit Agreements. Holdings guaranteed the obligations. Both Credit Agreements provided for the extension of credit to Nelson and were secured by a lien on substantially all of its assets, with the First Lien Collateral Agent holding the first lien and the Second Lien Collateral Agent holding a second lien. The purpose of the Intercreditor Agreement was to spell out the “respective rights and remedies” of the First and Second Lien Collateral Agents and the holders of the notes thereunder “with respect to the Collateral and certain rights with respect to receipt of payments.” See first Recital paragraph on p. 2 of the Intercreditor Agreement. In brief, the Second Lien Collateral Agent agreed to surrender certain rights and remedies that it would otherwise have with respect to the Collateral and to subordinate the right to payment of the Second Lien Obligations from realization on the Collateral to the prior payment of the First Lien Obligations.

There appears to be no dispute that at some time prior to 2015 Nelson defaulted on its obligations under the First and Second Lien Credit Agreements. On or about May 12, 2015 both Nelson and Holdings (the “Companies”) filed an application under the Companies’ Creditors Arrangement Act (the “CCAA”) and their cases are pending in the Superior Court of Justice – Ontario Commercial List before Mr. Justice Newbould. The Companies have proposed a transaction (the “Transaction”) providing for:

“(a) the transfer of substantially all of Nelson’s assets to a purchaser [acting on behalf of the First Lien Lenders], (b) the assumption by the purchaser of substantially all of Nelson’s trade payables, contractual obligations (other than certain obligations in respect of former employees, obligations relating to matters in respect of the second lien credit agreement, and a Nelson promissory note) and employment obligations incurred in the ordinary course and as reflected in the Nelson’s balance sheet; and (c) an offer of employment by the purchaser to all of Nelson’s employees.”

Endorsement dated June 6, 2015 of Mr. Justice Newbould, para 19. The Companies have filed a motion seeking approval of the Transaction. The Transaction is generally supported by the Court-appointed Monitor, FTI Consulting Canada Inc.

Intercreditor Agreement

In recent years credit-providers who in earlier times might have provided a borrower with unsecured credit have demanded a second lien behind that held by the traditional secured lenders. Such a lien provides a “second lien” holder certain additional leverage as against unsecured creditors in the event of a default or insolvency proceeding. The lenders holding the first lien have in turn demanded protection against the ability of these lenders to use their junior secured position to undermine or diminish the rights that the law provides to creditors holding a first-priority lien or security interest on property. The solution has been an intercreditor agreement between the first and second lien lenders that, among other things, severely circumscribes and limits the rights of the holders of the second lien debt in the event of a default or insolvency proceeding. Intercreditor agreements have become a common financing tool, to the extent that a group called the ABA/First Lien/Second Lien Intercreditor Task Force has published a Report of the Model First Lien/Second Lien Intercreditor Agreement Task Force. See 65 A.B.A. Bus. Law. 809-883 (May 2010). The provisions of the Intercreditor Agreement at issue in this case are similar to those in the Model First Lien/Second Lien Intercreditor Agreement and prior drafts thereof and, in any event, do not appear to be unique or unusual.

As relevant to my opinion expressed hereafter, the Intercreditor Agreement contains certain provisions that broadly restrict the rights of the Second Lien Lenders and their agent in the event of an insolvency proceeding involving the Companies and prior to the Discharge (as defined) of the First Lien Obligations (generally, payment in full). Specifically, section 6.11 of the Intercreditor Agreement, entitled "Asset Dispositions in an Insolvency Proceeding," provides:

Neither the Second Lien Collateral Agent nor any other Second Lien Claimholder shall, in an Insolvency Proceeding or in connection with the exercise of the First Lien Collateral Agent's remedies in respect of the Collateral provided for in Section 3.1 (subject to the terms and conditions of Section 5.1(b)), oppose any sale or disposition of any Collateral of any Loan Party [the Companies] that is supported by the First Lien Claimholders and the Second Lien Collateral Agent and each other Second Lien Claimholder will be deemed to have consented under Section 363 of the Bankruptcy Code (or any similar provisions of any other Bankruptcy Law or any order of court of competent jurisdiction) to any sale supported by the First Lien Claimholders and to have released their Liens on such assets (but not the proceeds of such sale).

The section 5.1(b) proviso referred to in the above-quoted section 6.11 does not limit the breadth of this provision but specifies certain procedures relating to the exercise of rights other than in connection with the First Lien Agent's exercise of remedies.

Section 6.1(a) of the Intercreditor Agreement, under the heading "Finance and Sale Issues," contains similar provisions in slightly broader terms:

The Second Lien Collateral Agent on behalf of the Second Lien Claimholders agrees that it will raise no objection or oppose a sale or other disposition of any Collateral free and clear of its Liens and other claims under Section 363 of the Bankruptcy Code (or any similar provision of any other Bankruptcy Law or any order of a court of competent jurisdiction) if the First Lien Claimholders have consented to such sale or disposition of such assets and the Second Lien Collateral Agent and each other Second Lien Claimholder will be deemed to have consented under Section 363 of the Bankruptcy Code (or any similar provision of any other Bankruptcy Law or any order of a court of competent jurisdiction) to any sale supported by the First Lien Claimholders and to have released their Liens in such assets.

Section 7.3(d) of the Intercreditor Agreement carries out these provisions by providing specifically as follows:

Until the Discharge of First Lien Obligations, the Second Lien Collateral Agent, on behalf of itself and the Second Lien Claimholders, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to the Collateral or any other similar rights a junior secured creditor may have under applicable law.

The Intercreditor Agreement also contains provisions relating to the right of the First Lien Lenders to credit bid their debt. Section 3.1(b) provides in pertinent part:

Until the Discharge of First Lien Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other

Grantor, subject to Section 3.1(a)(1), the First Lien Collateral Agent and the First Lien Claimholders shall have the right to enforce rights, exercise remedies (including set off and the right to credit bid their debt which, to the extent the Collateral is located in Canada, will be subject to applicable law in Canada and an order of a Court that has jurisdiction over such matters in Canada) and make determinations regarding the release, disposition, or restrictions with respect to the Collateral without any consultation with or the consent of the Second Lien Collateral Agent or any Second Lien Claimholder”

The proviso, section 3.1(a)(1), referred to in the above-quoted section 3.1(b), specifies certain procedures that apply during a Standstill Period and does not appear applicable; in any event, section 3.1(a)(1) itself is limited and circumscribed in that it does not in any event permit the exercise of rights by or on behalf of the Second Lien Claimholders “the exercise of which is otherwise prohibited by this Agreement including Section 6 hereof”.

The Intercreditor Agreement reserves certain rights and remedies to the Second Lien Agent and Lenders. For example, section 5.6 provides one or more of the Second Lien Claimholders with the right at certain times to purchase the First Lien Obligations at par plus accrued interest, without regard to any prepayment penalty or premium. Section 3.1(c)(4) further provides that the Second Lien Collateral Agent and any Second Lien Claimholder “may file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Grantors [the Companies] arising under either any Insolvency or Liquidation Proceeding or applicable non-bankruptcy law, in each case not inconsistent with the terms of this Agreement”.

The Intercreditor Agreement provides in Section 8.10 that it is governed and shall be construed in accordance with the laws of the State of New York. Section 8.1 further provides that in the event of any conflict between the Intercreditor Agreement and the First Lien or Second Lien Documents, the provisions of the Intercreditor Agreement will govern and control.

Pursuant to a direction letter dated May 6, 2015 (the “Direction Letter”), which I understand to have been executed by all First Lien Lenders other than one (who holds approximately 12% of the First Lien Debt), the Required Lenders under the First Lien Credit Agreement informed the First Lien Agent, among other things, that “the Required Lenders have determined to exercise their rights and remedies under the Loan Documents by making a credit bid with the Indebtedness outstanding under the Credit Agreement for certain assets and liabilities of the Borrower. The right to exercise such rights and remedies is vested in the Agent on behalf of the Lenders pursuant to the Credit Agreement and the Collateral Documents . . .” *See* Second paragraph of Direction Letter. The Direction Letter directs the First Lien Agent (and its supplemental agent) to credit bid the outstanding principal and interest under the First Lien Credit Agreement for substantially all of the assets and certain of the liabilities of Nelson. *See id.* at Section 1.

Opinion

I have been requested to provide my opinion on the enforceability of the Intercreditor Agreement as a matter of New York law, as well as certain related issues that arise under the First and Second Lien Credit Agreements, which are also governed by New York law. First, I have been asked whether the provisions of the Intercreditor Agreement that provide that the First Lien Lenders have control over the form and substance of a sale of Collateral and that the consent of the First Lien Lenders to a sale results in the deemed consent of the Second Lien Lenders is valid and enforceable as a matter of New York law. My opinion is that under New York law these provisions are valid and enforceable in accordance with their terms.

Waiver of Objections to Sale

The provisions of the Intercreditor Agreement quoted above provide broadly that until the First Lien Debt is satisfied (which I understand has not taken place), the form and substance of a sale of Collateral is under the exclusive control of the First Lien Lenders and that the consent of the First Lien Lenders to the sale results in the deemed consent of the Second Lien Lenders. Here, the Direction Letter provided in connection with the Transaction constitutes the requisite consent of the First Lien Lenders in accordance with the applicable agreements. Neither the Intercreditor Agreement nor the Pledge and Security Agreements prescribe a specific method for the realization of collateral, or require that a sale take place under a plan of reorganization if there is an insolvency filing. In fact, looking at the issues from the perspective of U.S. insolvency law, there are numerous provisions in the Intercreditor Agreement that preclude the Second Lien Lenders from objecting to the use of section 363 of the Bankruptcy Code to dispose of the Collateral. Section 363 is the provision of U.S. bankruptcy law that authorizes a sale of property in a chapter 11 case prior to the confirmation of a reorganization plan, and it contains certain conditions precedent to its use that could be invoked by junior lienholders to delay or impede a sale. The Intercreditor Agreement removes leverage that the Second Lien Lenders would otherwise possess to preclude or delay such a sale. However, the waiver in the Intercreditor Agreement is not limited to rights under section 363 but extends to “any sale or disposition of any Collateral of any Loan Party that is supported by the First Lien Claimholders and the Second Lien Collateral Agent and each other Second Lien Claimholder will be deemed to have consented under Section 363 of the Bankruptcy Code (or any similar provisions of any other Bankruptcy Law or any order of court of competent jurisdiction) to any sale supported by the First Lien Claimholders and to have released their Liens on such assets (but not the proceeds of such sale).” See Intercreditor Agreement section 6.11.

Provisions of intercreditor agreements similar to the provisions of the Intercreditor Agreement at issue herein have been enforced by the U.S. courts. Most of the cases have arisen in bankruptcy proceedings. For example, in In re Ion Media Networks, Inc., 419 B.R. 585 (Bankr. S.D.N.Y. 2009), the Bankruptcy Court, construing an intercreditor agreement governed by New York law, held that the second lien lenders had waived their rights to object to plan confirmation even though the objection was based on the premise that certain property over which the first lien lenders claimed to have a lien was not in fact part of their collateral. In In re Erickson Retirement Communities, LLC, 425 B.R. 309 (Bankr. N.D. Tex. 2010), the second lien lenders moved for the appointment of an examiner, an officer under the U.S. Bankruptcy Code that can exercise certain of the powers of a trustee. The examiner would be directed to examine the appropriateness and fairness of the allocation of value among the estates of the two debtors that were pending. The Bankruptcy Court held that the intercreditor agreements at issue (governed by Maryland law) were valid and enforceable, and that the motion of the second lien lenders was “tantamount to both a pursuit of a remedy and the commencement of an action” and was therefore prohibited by the intercreditor agreements.

In In re Boston Generating, LLC, 440 B.R. 302 (Bankr. S.D.N.Y. 2010), the Court considered the debtor’s motion to establish bidding procedures for a sale of property under section 363 of the Bankruptcy Code. The intercreditor agreement at issue there provided that the second lien lenders waived all rights to “make determinations regarding the ... sale [or] disposition of the collateral.” It also broadly waived rights relating to the first lien lenders’ exercise of remedies. The Bankruptcy Court found that the intercreditor agreement was enforceable under the governing law of New York. Examining the record before it, the Bankruptcy Court found that there was no “express prohibition against objection to bidding procedures” and that the first lien lenders had conceded they were not “exercising remedies” in connection with the sale motion or the sales procedures motion. It also noted that the intercreditor agreement preserved for the second lien lenders the rights of unsecured creditors, and noted that the sales price would come very close to putting the second lien lenders “in the money,” giving them particular interest in the sales procedures. Accordingly, the Bankruptcy Court allowed the second lien lenders to be

heard on the issue of the sales procedures, and having heard their arguments against the procedures and the proposed sale, rejected them on the merits.

Similarly, in Buena Vista Home Entm't, Inc. v. Wachovia Bank, N.A. (In re Musicland Holding Corp.), 374 B.R. 113 (Bankr. S.D.N.Y. 2007), the Bankruptcy Court enforced a provision of an intercreditor agreement that expressly permitted additional advances to be made on a first-lien basis over the objection of the second lien lenders, who claimed this was contrary to their expectations. The Bankruptcy Court's order was affirmed by the District Court on appeal (386 B.R. 428 (S.D.N.Y. 2008)), and the Circuit Court of Appeals affirmed summarily. 318 F.App'x 36 (2d Cir. 2009). Again, in Aurelius Capital Master, Ltd. v. Touse Inc., No. 08-61317, 2009 WL 6453077 (S. D. Fla. Feb. 6, 2009), the District Court on appeal from a bankruptcy court order enforced a provision of an intercreditor agreement that precluded second lien lenders from opposing a financing order, finding that the second lien lenders had "bargained away [their] right to object by entering into the Intercreditor Agreement." 2009 WL 6453077, at *5.

None of the cases cited above questions the enforceability of intercreditor agreements of the type at issue in this case, and no recent case has found them to be unenforceable in accordance with their terms. Although a minority of cases have questioned the enforceability of a term found in some intercreditor agreements that waives or restricts a creditor's right to vote on a plan under the U.S. Bankruptcy Code,¹ that issue is not present in this case. Accordingly, it is my opinion that the Intercreditor Agreement is enforceable under New York law in accordance with its terms.

Release of Collateral

I have also been requested for my opinion, as a matter of New York law, on the validity and enforceability of provisions of the First Lien Credit Agreement that give the First Lien Agent control over the release of Collateral and that require the First Lien Agent to follow the directions of the Required Lenders under the First Lien Credit Agreement.

The First Lien Credit Agreement provides that the release of Collateral is subject to the control of the Required Lenders, whether or not an Event of Default has occurred. Section 9.11(a)(iii) provides specifically that "any Lien on any property granted to or held by the Administrative Agent shall be automatically released ...subject to Section 10.01, if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders". (Section 10.01 contains restrictions not at issue in this case on the right to amend the Loan Agreement; for example, it provides that the definition of "Required Lenders" cannot be amended or modified "without the written consent of each Lender affected thereby.") The term "Required Lenders" is defined in section 1.01 as Lenders holding more than 50% of the outstanding debt or commitments.

The Required Lenders under the First Lien Credit Agreement not only have power to release Collateral, but they have express authority to bind the First Lien Agent after an Event of Default has occurred. Section 8.02 of the First Lien Credit Agreement provides that "If any Event of Default occurs and is continuing, the Administrative Agent may and, at the request of the Required Lenders, shall take any or all of the following actions ... (d) exercise on behalf of itself the Lenders all rights and remedies

¹ See Beatrice Foods Co. v. Hart Ski Mfg. Co. (In re Hart Ski Mfg. Co.), 5 B.R. 734 (Bankr. D. Minn. 1980); Bank of America v. N. LaSalle St. Ltd. P'ship (In re 203 N. LaSalle St. P'ship), 246 B.R. 325 (Bankr. N.D. Ill. 2000). The holding of these cases, that voting rights cannot be waived, was rejected by a more recent bankruptcy court decision, which found the waiver to be enforceable. In re Aerosol Packaging LLC, 362 B.R. 43 (Bankr. N.D. Ga. 2006).

available to it and the Lenders under the Loan Documents or applicable law.” Section 9.05 of the First Lien Credit Agreement similarly provides that “The Administrative Agent shall take such action with respect to any Event of Default as may be directed by the Required Lenders in accordance with Article VIII.” One of the powers available under the Loan Documents and applicable law is the power to release Collateral.

The provisions of a loan agreement governed by New York law permitting the required lenders to take or withhold action notwithstanding the objection of a dissenting minority of the lenders have been repeatedly enforced. For example, in Beal Sav. Bank v. Sommer, 8 N.Y.3d 318, 834 N.Y.S.2d 44, 865 N.E.2d 1210 (2007), the highest court of New York held that under the credit agreement the lenders had agreed to act collectively and that the decision of the “required lenders” (as defined therein) not to pursue enforcement bound a dissenting lender and precluded it from bringing suit on the debt.

This principle has been applied in connection with the disposition of collateral. In In re Chrysler LLC, 405 B.R. 84 (Bankr. S.D.N.Y. 2009), aff’d (on expedited basis by the Court of Appeals), 576 F.3d 108 (2d Cir. 2009), appellate decision vacated as moot, 130 S. Ct. 1015 (2009), the Bankruptcy Court held that a dissenting member of the secured lender group was bound by the provisions of the credit agreement which authorized the administrative agent for the first and second lien holders to consent to the sale of substantially all of Chrysler’s assets. The Bankruptcy Court noted that, “[e]ach lender under the First Lien Credit Agreement irrevocably designated the Administrative Agent to act as such lender’s agent in exercising the powers delegated to the Administrative Agent and to be bound by its action...The lenders, including [the dissenter], agreed to be bound by the Administrative Agent’s action made at the request of lenders holding a majority of the indebtedness under the First Lien Credit Agreement.” 405 B.R. at 101. Similarly, in In re GSC, Inc., 453 B.R. 132 (Bankr. S.D.N.Y. 2011), the Bankruptcy Court enforced provisions of a credit agreement that gave the agent at the direction of the Required Lenders, as defined there, the exclusive right to dispose of the collateral.

Based on the foregoing, it is my opinion that the provisions of the First Lien Credit Agreement providing the First Lien Agent with power to release or sell collateral, and to require the First Lien Agent to follow the directions of the Required Lenders with respect thereto, are valid and binding as a matter of New York law.

Credit Bidding

You have also requested my opinion on the question whether the Required Lenders under the First Lien Credit Agreement have authority to require the First Lien Agent to credit bid their entire debt.

The Intercreditor Agreement provides in section 3.1(b) that the First Lien Lenders have the right to credit bid their debt, subject to the proviso that if the Collateral is located in Canada, such right “will be subject to applicable law in Canada or any order of a Court that has jurisdiction over such matters in Canada”.

The right and duty of the First Lien Agent to credit bid at the direction of the “Required Lenders,” subject in Canada to Canadian law and any order of the Court, is governed by the same provisions of the First Lien Credit Agreement, including section 8.02, that are discussed in the immediately preceding section and that permit the “Required Lenders” to control the actions of the First Lien Agent in connection with the disposition of Collateral. It should be noted that section 8.02, as quoted above, pertains to the First Lien Agent’s rights and remedies under the “Loan Documents,” which is defined in section 1.01 of the Credit Agreement to include the Intercreditor Agreement.

Courts construing New York law have enforced the right and duty of an administrative agent to credit bid under documents similar to the Loan Documents at issue herein. For example, in In re Metaldyne Corp., 409 B.R. 671 (Bankr. S.D.N.Y. 2009), a dissident lender claimed that its agent under a syndicated loan agreement governed by New York law did not have the right to credit bid the debt held by the entire bank group over its objection. It pointed to a provision of the credit agreement that prohibited amendments to the credit agreement without the consent of each lender individually and to a provision of the security agreement that gave the lenders the right to credit bid individually at a sale. The Bankruptcy Court rejected the lender's arguments, holding among other things that each of the lenders had given the administrative agent authority to take all actions to enforce a security interest under the New York Uniform Commercial Code and to take all "actions and powers as are reasonably incidental thereto", and that this included the right to credit bid. 409 B.R. at 676. It also found that enforcing the parties' agreement as written would not amount to an amendment or modification of the original terms of the agreement.

Similarly, in In re GSC, Inc., 453 B.R. 132, 173 (Bankr. S.D.N.Y. 2011), discussed above, an issue regarding a credit bid was also raised by the dissident and rejected by the Bankruptcy Court, which stated that the controlling creditor under the credit agreement "had the contractual right to direct the amount of the credit bid; the Agent had no discretion under the Credit Agreement." Again, in In re GWLS Holdings, Inc., No. 08-12430, 2009 Bankr LEXIS 378 (Bankr. D. Del. Feb. 23, 2009), involving credit documents subject to New York law, the Bankruptcy Court enforced the right of an administrative agent to credit bid over the objection of a dissident, minority lender. It found express power in a provision of the collateral agreement and that this power was not overridden to the benefit of the dissident by a general clause in the intercreditor agreement which read, "the First Lien Collateral Agent and the First Lien Secured Parties shall have the exclusive right to enforce rights, exercise remedies (including setoff and the right to credit bid debt)". It said, "Pursuant to New York case law, a contract must be interpreted and enforced according to the plain meaning of its unambiguous terms" and found the provisions of the documents there to be clear and unambiguous in giving both the power to credit bid to the collateral agent and binding the minority lenders to the decisions of the majority. 2009 Bankr. LEXIS 378, at *9.

Accordingly, it is my opinion that the First Lien Agent has the right to credit bid the entire First Lien Debt and is obligated to do so upon the direction of the Required Lenders, as defined in the Credit Agreement. The required direction was given in the Direction Letter.

Unpaid Interest, Fees and Expenses of Royal Bank of Canada

You have also asked whether, under the terms of the Intercreditor Agreement, the First Lien Credit Agreement and New York Law, Royal Bank of Canada as Second Lien Agent has an enforceable claim for (i) its unpaid interest, fees and expenses as Second Lien Agent and (ii) its proportionate share of the consent fees paid by Nelson to lenders who signed a consent agreement ("Consent Agreement") supporting the Companies' restructuring efforts. I understand that Royal Bank of Canada is pursuing such claims in the pending insolvency proceedings.

Unpaid Interest, Fees and Expenses as Second Lien Agent

In an insolvency proceeding in the United States, the unpaid prepetition interest, fees and expenses of the Second Lien Lenders and the Second Lien Agent would be prepetition claims not entitled to any priority right of payment unless the value of the Collateral exceeded the claims of the First Lien Lenders and became payable therefrom. Postpetition interest, fees and expenses also would not have any priority right of payment except under similar circumstances. Thus, the question of payment would not

likely arise in a U.S. insolvency case if the value of the collateral at issue were insufficient to cover the claims of the holders of the priority liens.

Nevertheless, if the issue arose, the payment of the prepetition and postpetition interest, fees and expenses of the Second Lien Agent would be inconsistent with several provisions of the Intercreditor Agreement. As discussed above, the Intercreditor Agreement provides that the sale or other disposition of Collateral is under the exclusive control of the First Lien Lenders. Section 3.1(a)(i) further provides that until the end of a notice period of at least 180 days, the Second Lien Agent and lienholders “will not exercise any action or proceeding with respect to such rights or remedies.” Even after the giving of notice and the end of the 180-day period, the Second Lien Agent can only pursue remedies if the First Lien Agent is not doing so diligently. It is my understanding that the Second Lien Agent has not provided the notice that would start the 180-day period running, and that the period plainly has not terminated. Therefore, a proceeding seeking payment of interest, fees and expenses is a right or remedy that the Second Lien Agent cannot pursue.

Section 3.1(f) of the Intercreditor Agreement, permitting the “receipt by the Second Lien Collateral Agent or any Second Lien Claimholders of the required payments of interest, principal and other amounts owed in respect of the Second Lien Obligations,” is expressly subject to the terms of section 3.1(a) of the Intercreditor Agreement establishing the Standstill Period (as defined therein). Section 3.1(f) is also subject to the provisions of Section 4 of the Intercreditor Agreement providing, in section 4.2, that “any Collateral or proceeds thereof received by the Second Lien Collateral Agent or any Second Lien Claimholders in connection with the existence of any right or remedy in contravention of this Agreement shall be segregated and held in trust and forthwith paid over to the First Lien Collateral Agent for the benefit of the First Lien Claimholders . . .” Since the lien of the First Lien Agent, as I understand it, attaches to all property of the Companies, including cash, the Second Lien Agent would have no right to receive and retain any payment of unpaid interest, fees and expenses prior to the discharge of the First Lien Debt.

My opinion is that these provisions would be enforceable under New York law. There is no right to payment of interest, fees and expenses for a Second Lien Agent and Second Lien Lenders in preference to all other parties’ rights, and the terms of the Intercreditor Agreement relating to the payment of interest, fees and expenses would be enforceable as reasonable provisions carrying out the general purposes of the Agreement.

Consent Fees

The question of the right of Royal Bank of Canada to consent fees payable to other lenders under the Consent Agreement rests on the construction of the Consent Agreement and applicable provisions of the Loan Documents. Since the Consent Agreement is not governed by New York law, I express no opinion on its requirements. I can state that it is common in United States insolvency proceedings for consent fees of this nature to be paid only to supporting lenders both before and, with court approval, after the commencement of an insolvency case, and I know of no provision of the Loan Documents governed by New York law or of New York law that would give Royal Bank of Canada any right to a consent fee that did not exist as a matter of separate contract.

This letter, and the opinion set forth here, is intended for your use solely for purposes of insolvency proceedings in the courts of Canada relating to the Companies, and I do not consent to its use

by any other person or for any other purpose. This opinion is current as of the date hereof, and I do not undertake to modify it in response to subsequent legal or factual developments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Allan L. Gropper". The signature is written in a cursive style with a large initial "A".

Allan L. Gropper

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD. AND
NELSON EDUCATION HOLDINGS LTD.

Applicants

Court File No. CV15-10961-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF ALLAN L. GROPPER
(Sworn July 22, 2015)

BENNETT JONES LLP
Suite 3400, One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Kevin Zych Tel: 416.777.5738
Email: zychk@bennettjones.com
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Email: zweigs@bennettjones.com
Fax: 416.863.1716

Lawyers for Wilmington Trust, National
Association, as the First Lien
Agent, Cortland Capital Market Services
LLC, as the Supplemental Agent, and the
First Lien Steering Committee

TAB

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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 NELSON EDUCATION LTD. AND
NELSON EDUCATION HOLDINGS LTD.

Applicants

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Allan L. Gropper, I live in the City of New York in the State of New York.
2. I have been engaged by or on behalf of Willkie Farr & Gallagher LLP, United States counsel to the First Lien Lenders to provide evidence in relation to the above-noted court proceeding.
3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
 - (a) To provide opinion evidence that is fair, objective and non-partisan;
 - (b) To provide opinion evidence that is related only to matters that are within my area of expertise; and
 - (c) To provide such additional assistance as the court may reasonably require, to determine a matter in issue.
4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date July 22, 2015



Signature

TAB

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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 NELSON EDUCATION LTD. AND
NELSON EDUCATION HOLDINGS LTD.

Applicants

AFFIDAVIT OF ANNIE KWOK
(Sworn July 21, 2015)

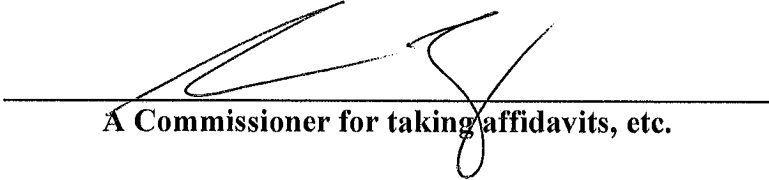
I, Annie Kwok, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a legal assistant with the law firm of Bennett Jones LLP, counsel to Wilmington Trust, National Association, as the First Lien Agent, Cortland Capital Market Services LLC, as the Supplemental Agent, and the First Lien Steering Committee in these proceedings (collectively, the "First Lien Holders"). I therefore have knowledge of the matters to which I depose in this Affidavit.
2. Attached as Exhibit "A" is the Required Lenders Direction to Credit Bid dated May 6, 2015 (the "Direction") issued to the First Lien Agent and the Supplemental Agent. The Direction is redacted so that the identity of the First Lien Holders is not revealed.
3. I am advised by Paul Shalhoub of Willkie Farr & Gallagher LLP, U.S. counsel to the First Lien Holders, and believe that, on or about May 1, 2015 an unsigned version of the Direction was posted on an Intralinks website that was accessible to all First Lien holders,

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**THIS IS EXHIBIT "A" REFERRED TO
IN THE AFFIDAVIT OF ANNIE KWOK SWORN
THE 21ST DAY OF JULY 2015**



A Commissioner for taking affidavits, etc.

REQUIRED LENDERS DIRECTION TO CREDIT BID

May 6, 2015

VIA EMAIL

Wilmington Trust, National Association, as Agent
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: Jeffrey Rose

-and-

Cortland Capital Market Services LLC, as Supplemental Agent
224 West Washington Street, 21st Floor
Chicago, IL 60606
Attention: Legal Department

Re: Direction to Credit Bid First Lien Debt

Ladies and Gentlemen:

Reference is made to (a) the First Lien Credit Agreement, dated as of July 5, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Nelson Education Ltd., a corporation incorporated under the laws of Canada (the "Borrower"), Nelson Education Holdings Ltd., a corporation incorporated under the laws of Canada ("Holdings"), each lender from time to time party thereto (the "Lenders"), and Wilmington Trust, National Association, as administrative agent and as collateral agent (in such capacities, the "Agent"), and (b) the Collateral Documents (as defined in the Credit Agreement) executed and delivered by the Borrower and Holdings in connection therewith. Unless otherwise specified, all capitalized terms used but not defined herein shall have such meanings as are attributed to such terms in the Credit Agreement. This Direction Letter is hereinafter referred to as the "Letter."

Multiple Events of Default have occurred and are continuing under the Credit Agreement. Accordingly, the Required Lenders have determined to exercise their rights and remedies under the Loan Documents by making a credit bid with the Indebtedness outstanding under the Credit Agreement for certain assets and certain liabilities of the Borrower. The right to exercise such rights and remedies is vested in the Agent on behalf of the Lenders pursuant to the Credit Agreement and the Collateral Documents, and pursuant to Article IX of the Credit Agreement, including under Section 9.13 thereof, the Agent is authorized and empowered to appoint a sub-agent as a supplemental agent to carry out its responsibilities, powers and rights (in such capacity, a "Supplemental Agent"). The Agent has so determined to appoint Cortland Capital Market Services LLC as its Supplemental Agent for such purposes, in accordance with the Supplemental Agent Agreement, dated as of May 6, 2015 (as amended, restated,

supplemented or otherwise modified from time to time, the “Supplemental Agent Agreement”), between the Agent and the Supplemental Agent and acknowledged and agreed to by the Borrower.

Each of the undersigned lenders (each a “Directing Lender”) confirms and represents to the Agent, the Supplemental Agent and each other Directing Lender that it is a Lender under the Credit Agreement, holding the principal amount of credit exposure set forth below such Directing Lender’s signature to this Letter. The Agent hereby confirms, solely for purposes of permitting the Directing Lenders to rely on such for purposes of the following representation, that the Total Outstandings is \$268,753,930.20 as of the date hereof. Based on such confirmation, the Directing Lenders hereby further confirm and represent to the Agent and the Supplemental Agent that they together constitute an informal consortium of Lenders and collectively hold a majority of the Total Outstandings and constitute the Required Lenders. The undersigned Purchaser, upon the Closing Date (as defined in such Asset Purchase Agreement), hereby confirms and represents that it is receiving substantial benefit in connection with the transactions contemplated hereby as it is the entity acquiring the assets subject to the credit bid directed by the Directing Lenders under this Letter, and the Borrower hereby confirms and represents that it is also receiving substantial benefit in connection with the transactions contemplated hereby. The obligations of the Agent and the Supplemental Agent, on behalf of the Agent, to take Direction (as defined below) in accordance with this Letter is subject to the Agent having received counterparts of this Letter executed by Directing Lenders constituting Required Lenders.

Direction

The Directing Lenders hereby authorize, expressly consent and direct (the “Direction”) the Agent and the Supplemental Agent, on behalf of the Agent, solely in their respective capacities as Agent and Supplemental Agent for the Lenders, to take the following actions on behalf of the Lenders as set forth in this Letter:

1. To have the Supplemental Agent credit bid any and all of the outstanding and unpaid principal and interest of all Loans under the Credit Agreement for substantially all of the assets and certain liabilities of the Borrower (collectively, the “Credit Bid Assets”) in accordance with the provisions of the Asset Purchase Agreement substantially in the form attached hereto as Exhibit A (as amended and in effect from time to time in accordance with the terms hereof and thereof, the “Asset Purchase Agreement”), and the Payment and Settlement Agreement substantially in the form attached hereto as Exhibit B (as amended and in effect from time to time in accordance with the terms hereof and thereof, the “Settlement Agreement”), together with any modifications to any thereof notified in writing by the Required Lenders to the Agent and the Supplemental Agent to which the Required Lenders, the Borrower, and, to the extent it adversely affects any of the rights or obligations of the Agent or the Supplemental Agent, the Agent and the Supplemental Agent have consented or agreed to in writing from time to time (the foregoing credit bid, the “Credit Bid”); provided that such Credit Bid shall be conditional and shall not be consummated unless and until the conditions precedent set forth in the Asset Purchase Agreement have been satisfied or waived in accordance with the provisions thereof, as certified in writing to the Agent and the Supplemental Agent by the Required Lenders prior to the Closing Date (the “APA Certification”), with such APA

Certification being conclusive proof that such conditions precedent have been satisfied or waived. Each Directing Lender constituting part of the Required Lenders which delivers at any time any APA Certification hereby covenants, represents and warrants to all of the parties hereto that any such APA Certification shall be true and correct as of the date of delivery of such APA Certification.

2. To have the Supplemental Agent take all other actions in connection with the foregoing (whether pursuant to the Asset Purchase Agreement, the Settlement Agreement, any other agreement, instrument or document executed in connection therewith (collectively, the “APA Documents”) or otherwise) that (a) the Supplemental Agent, on behalf of the Agent, believes in good faith is necessary in furtherance of and not inconsistent with the Credit Bid or the transactions contemplated by the Asset Purchase Agreement, the Settlement Agreement and/or any of the other APA Documents and are not objected to in writing by the Required Lenders in a timely manner prior to the taking of such action, including a direction to the Supplemental Agent, on behalf of the Agent, to take any necessary actions in furtherance of and/or in connection with and/or incidental to the foregoing, or (b) the Required Lenders direct, in writing in a form consistent with this Letter, that the Supplemental Agent, on behalf of the Agent, take, including, without limitation, all actions set forth in Article 1 of the Supplemental Agent Agreement; provided, however, that the Supplemental Agent will not be required to take any such action described in this Paragraph 2 to the extent the Supplemental Agent reasonably determines that the taking of such action is inconsistent with its rights and responsibilities under this Letter, the Credit Agreement, the other Loan Documents, the Asset Purchase Agreement, the Settlement Agreement or any of the other APA Documents or with applicable law or (other than as to actions expressly directed in Paragraph 1 of this Section) exposes the Supplemental Agent or the Agent to any liability not indemnified hereunder.

Authority

Each undersigned Directing Lender hereby severally (and as to itself only) represents and warrants that (a) as of the date hereof, it is the legal or beneficial holder of the outstanding principal amount of Loans as of such date identified on its signature page hereto and (b) it has the authority (and has taken all action necessary to authorize it) to execute this Letter and to direct the Supplemental Agent, on behalf of the Agent, to take the Direction. Each Directing Lender agrees that it will not assert that this Direction is not permitted by or violates the Credit Agreement, any other Loan Document, the Asset Purchase Agreement, the Settlement Agreement, or any other APA Document. The Borrower and, effective upon the Closing Date (as defined in the Asset Purchase Agreement), the Purchaser each hereby represents and warrants that it has the authority (and has taken all action necessary to authorize it) to acknowledge and agree to this Letter.

Indemnification; Exculpation; etc.

1. By signing the acknowledgement and agreement set forth below, the Borrower hereby confirms and agrees as to any claims made thereunder in respect of the period up to but excluding the Closing Date, without in any way limiting the scope of coverage and applicability of the provisions provided for therein, that the indemnification and exculpation provisions provided by the Borrower in the Credit Agreement, subject to the terms of the Credit Agreement, (including, without limitation, those contained in Section 10.05 thereof)

(collectively, the “Borrower Indemnity”) shall apply, for the express benefit of the Agent and the Supplemental Agent, to this Direction and any further directions or instructions made to the Agent and/or the Supplemental Agent by or on behalf of the Directing Lenders or the Required Lenders pertaining in any respect or in connection with and/or incidental to the Credit Bid and related actions and transactions in accordance with this Letter (this Direction and all other directions and instructions in accordance with this Letter, collectively, the “Credit Bid Directions”), and all actions taken or not taken by the Agent and the Supplemental Agent in accordance with the Credit Bid Directions or in connection with the Credit Bid and all transactions relating thereto (all as if this Letter, the Asset Purchase Agreement, the Settlement Agreement, and all other APA Documents were “Loan Documents” thereunder); provided that, in any event, it is understood and agreed that the Borrower Indemnity (a) shall be treated and interpreted as a separate and independent obligation, in no way contingent upon or subject to the scope of coverage, effectiveness, enforceability or existence of the indemnification obligations of the Lenders under or in connection with the Credit Agreement and (b) shall not be subject to any surety or similar type of defense. These indemnity obligations shall be secured by the assets of the Borrower pursuant to the Collateral Documents.

2. By signing the acknowledgement and agreement set forth below, the Purchaser hereby confirms and agrees that, for any period from and after the Closing Date, the indemnification and exculpation provisions provided by the Purchaser in the Newco First Lien Credit Agreement referred to in the Asset Purchase Agreement (including, without limitation, those contained in Section 10.05 thereof) (the “Purchaser Indemnity”) shall apply, for the express benefit of the Agent and the Supplemental Agent, to the Credit Agreement, the Collateral Documents and this Direction and any further directions or instructions made to the Agent and/or the Supplemental Agent by or on behalf of the Directing Lenders or the Required Lenders pertaining in any respect to the Credit Bid Directions, and all actions taken or not taken by the Agent and/or the Supplemental Agent in accordance with the Credit Bid Directions or in connection with the Credit Bid and all transactions relating thereto (all as if this Letter, the Asset Purchase Agreement, the Settlement Agreement and all other APA Documents were “Loan Documents” thereunder); provided that, in any event, it is understood and agreed that the Purchaser Indemnity (a) shall be treated and interpreted as a separate and independent obligation, in no way contingent upon or subject to the scope of coverage, effectiveness, enforceability or existence of the indemnification obligations of the Lenders under or in connection with the Credit Agreement and (b) shall not be subject to any surety or similar type of defense. These indemnity obligations shall be secured by the assets of the Purchaser as a secured obligation under the Loan Documents (as defined in the Newco First Lien Credit Agreement referred to in the Asset Purchase Agreement).

3. The undersigned Directing Lenders and Required Lenders (on behalf of themselves and all Lenders) hereby confirm and agree, without in any way limiting the scope of coverage and applicability of the provisions provided for therein, that the indemnification and exculpation provisions in the Credit Agreement (including, without limitation, those contained in Sections 9.03 and 9.07 thereof) (collectively, the “Continuing Lender Indemnity”), shall apply to this Direction and any further directions or instructions made to the Agent and/or the Supplemental Agent by or on behalf of the Directing Lenders or Required Lenders pertaining in any respect or in connection with or incidental to the Credit Bid Directions, and all actions taken or not taken by the Agent and/or the Supplemental Agent in accordance with the Credit

Bid Directions or in connection with the Credit Bid and all transactions relating thereto (all as if this Letter, the Asset Purchase Agreement, the Settlement Agreement and all other APA Documents were "Loan Documents" thereunder); provided that, in any event, it is understood and agreed that the Continuing Lender Indemnity (a) shall be treated and interpreted as a separate and independent obligation, in no way contingent upon or subject to the scope of coverage, effectiveness, enforceability or existence of the indemnification obligations of the Borrower or any other Obligor under or in connection with the Credit Agreement and (b) shall not be subject to any surety or similar type of defense.

4. The Borrower, as to any claims hereunder in respect of the period until the Closing Date, and the Purchaser, as to claims hereunder in respect of the period from and after the Closing Date, agree to pay all reasonable and documented out-of-pocket fees and expenses of the Agent and the Supplemental Agent with respect to the Credit Bid Directions or in connection with the Credit Bid and all transactions relating thereto.

Governing Law, Venue

This Direction Letter shall be construed in accordance with and governed by the laws of the State of New York. The Agent, the Supplemental Agent, each Directing Lender (on behalf of itself and all Lenders), the Borrower and the Purchaser irrevocably and unconditionally submits to and accepts the exclusive jurisdiction of any New York State court sitting in New York City or of the United States for the Southern District of New York (or applicable appellate court) for any action, suit, or proceeding arising out of or based upon this Letter or any matter relating to it, and waives any objection that it may have to the laying of venue in any such court or that such court is an inconvenient forum or does not have personal jurisdiction over it.

Waiver of Jury Trial

THE AGENT, THE SUPPLEMENTAL AGENT, EACH DIRECTING LENDER (ON BEHALF OF ITSELF AND ALL LENDERS), THE BORROWER AND THE PURCHASER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT OR THEY MAY HAVE TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION, OR IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS LETTER OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

Disclaimer

NONE OF THE AGENT, NOR THE SUPPLEMENTAL AGENT, NOR ANY OF THEIR RESPECTIVE AFFILIATES, EMPLOYEES, OFFICERS, DIRECTORS, AGENTS, MEMBERS, ADVISORS, ATTORNEYS, OR OTHER REPRESENTATIVES, OR ANY OTHER PERSON, IS MAKING ANY RECOMMENDATION OR EXPRESSING ANY VIEWS AS TO WHETHER THE LENDERS SHOULD APPROVE OF OR AGREE TO THE TERMS OF THIS LETTER, THE ASSET PURCHASE AGREEMENT, THE SETTLEMENT AGREEMENT OR ANY OTHER APA DOCUMENT. THE LENDERS ARE URGED TO CONSULT WITH THEIR OWN FINANCIAL, LEGAL AND OTHER ADVISORS BEFORE DECIDING WHETHER TO EXECUTE THIS LETTER.

Term, etc.

This Letter shall remain in effect and be binding on the Directing Lenders unless and until the Agent and the Supplemental Agent receives written notice of revocation from the Required Lenders prior to the Agent's or the Supplemental Agent's taking any of the actions described above. In the event the Agent or the Supplemental Agent takes any of the actions described above prior to its receipt of written notice of revocation from the Required Lenders, this Letter and such directed action shall be irrevocable in all respects. This Letter shall not become effective unless and until Lenders constituting the Required Lenders have executed and delivered this Letter. Notwithstanding any of the foregoing, the indemnity and exculpation provisions provided in the Letter shall survive any revocation, as well as consummation of the transactions contemplated by the Credit Bid and/or the Asset Purchase Agreement, and this Letter shall be binding upon and enforceable against any and all successors and assigns and may not be amended, modified or waived without the written consent of the Required Lenders, the Agent and the Supplemental Agent.

Severability

If any provision of this Letter is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Letter will remain in full force and effect. Any provision of this Letter held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Counterparts

This Letter may be executed in any number of counterparts and by facsimile and electronic mail. Each counterpart shall be deemed to be an original and all such counterparts shall constitute but one and the same agreement.

Agreement Among Directing Lenders; Transfers

Each Directing Lender hereby acknowledges and agrees that, pursuant to the terms of the Support Agreement, dated as of September 10, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Support Agreement"), among the Borrower, Holdings, the Agent, and the Lenders party thereto, it is restricted from making certain Transfers of its Debt and Second Lien Loans (if applicable) (each as defined in the Support Agreement) until the Support Agreement has been terminated.

Acknowledgment and Acceptance

The Agent, and the Supplemental Agent on its behalf, by signing this Letter in the space provided hereunder, acknowledges and accepts the Direction.

[Signature Pages to Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Letter to be executed on its behalf by its duly authorized representative as of the date first written above.

Directing Lender:

[_____]

By _____

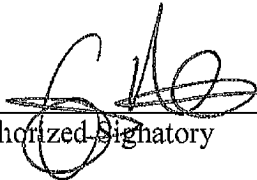
Name:

Title:

Outstanding principal amount of Loans: \$ _____

ACCEPTED AND AGREED:

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Agent

By:  _____
Authorized Signatory

CORTLAND CAPITAL MARKET SERVICES, LLC,
as Supplemental Agent

By: _____
Authorized Signatory

NELSON EDUCATION LTD.,
as Borrower

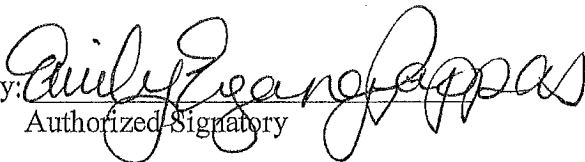
By: _____
Name:
Title:

ACCEPTED AND AGREED:

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Agent

By: _____
Authorized Signatory

CORTLAND CAPITAL MARKET SERVICES LLC,
as Supplemental Agent

By: 
Authorized Signatory

NELSON EDUCATION LTD.,
as Borrower

By: _____
Name:
Title:

ACCEPTED AND AGREED:

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Agent

By: _____
Authorized Signatory

CORTLAND CAPITAL MARKET SERVICES, LLC,
as Supplemental Agent

By: _____
Authorized Signatory

NELSON EDUCATION LTD.,
as Borrower

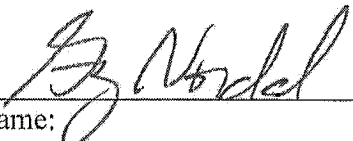
By: 
Name:
Title:

EXHIBIT A

Form of Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

by and between

NELSON EDUCATION LTD.,

as Seller

– and –

682534 N.B. Inc.,

as Purchaser

Dated as of [•], 2015

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- A Form of Approval and Vesting Order
- B Assignment and Assumption Agreement
- C Assignment of Intangible Property

- D Bill of Sale
- E Initial Order
- F Newco First Lien Credit Agreement
- G Payment and Settlement Agreement

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of [•], 2015, is by and between Nelson Education Ltd. (the "Seller"), a corporation organized under the laws of Canada and a direct wholly owned subsidiary of Nelson Education Holdings Ltd. ("Nelson Holdings"), and 682534 N.B. Inc., a corporation organized under the laws of the Province of New Brunswick (the "Purchaser"). The Seller and the Purchaser are referred to individually herein as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, the Seller is indebted to the Agent (as defined below) and the Secured Lenders (as defined below) in the principal amount of not less than US\$268,753,930, plus accrued but unpaid interest and all other amounts (including fees, costs and expenses) under the First Lien Credit Agreement (as defined below) and related security documents;

WHEREAS, the First Lien Credit Agreement matured on July 3, 2014, and the Seller was unable to repay the Agent and Secured Lenders on such date or thereafter;

WHEREAS, after extensive arm's length negotiations, the Seller and Nelson Holdings entered into that certain Support Agreement dated as of September 10, 2014 (the "Support Agreement") with the Agent and the Consenting First Lien Lenders (as defined in the Support Agreement);

WHEREAS, pursuant to the Support Agreement, the Seller conducted a comprehensive sale and investment solicitation process ("SISP") for the purchase and sale of the business and assets of, or an investment in, the Seller (as defined below);

WHEREAS, no Superior Offer (as defined in the Support Agreement) was received and completed by the Seller as a result of or in accordance with the SISP;

WHEREAS, based on the results of the SISP, the Parties agree that the fair market value of the Seller's assets is less than the amounts owing by the Seller to the Agent and the Secured Lenders under the First Lien Credit Agreement; and

WHEREAS, in accordance with the Support Agreement, the Seller desires to sell, transfer and assign, and the Purchaser desires to purchase and assume, substantially all of the Seller's assets used in connection with the Seller's business, and the Purchaser further desires to assume certain liabilities in connection therewith, upon the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Recitals. The recitals set forth above are incorporated by reference and are expressly made part of this Agreement.

Section 1.2 Definitions. The following definitions shall apply to and constitute part of this Agreement, the Disclosure Letter, the Purchaser Schedule and all Exhibits attached hereto:

“Accounts Receivable” means any and all accounts receivable, notes receivable, cheques, similar instruments, and other amounts receivable owed to the Seller for goods and services rendered in the operation of the business of the Seller together with all security or other collateral therefor and any interest for unpaid financing charges accrued thereon, excluding any intercompany receivable.

“Action” means any claim (as defined in the CCAA), action, complaint, suit, litigation, arbitration, appeal, petition, inquiry, hearing, order, decree, legal proceeding, investigation or other legal dispute, whether civil, criminal, administrative or otherwise, at law or in equity, by or before any Governmental Authority.

“Affiliate” means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” (including, with correlative meaning, the terms “controlling” and “controlled”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

“Agent” means Wilmington Trust, N.A., in its capacity as the successor administrative agent and collateral agent under the First Lien Credit Agreement, or any successor thereto.

“Agreement” has the meaning set forth in the preamble.

“Allocation Schedule” has the meaning set forth in Section 7.4(d).

“Approval and Vesting Order” means a final, non-appealable order of the Court, substantially in the form attached hereto as Exhibit A, or as otherwise may be agreed by the Majority Initial Consenting First Lien Lenders in their sole discretion on written notice thereof to the Seller and the Purchaser, that has not been stayed, vacated, or stayed pending appeal.

“Assignment and Assumption Agreement” means an agreement providing for the assignment by the Seller of the Seller’s right, title, and interest in and to the Purchased Assets and the assumption by the Purchaser or one or more Purchaser Designees of the Assumed Liabilities, substantially in the form attached hereto as Exhibit B.

“Assignment of Intangible Property” means an assignment of intangible property to transfer the Purchased Assets that are intangible property to the Purchaser or one or more

Purchaser Designees free and clear of all Encumbrances (other than Permitted Encumbrances), substantially in the form attached hereto as Exhibit C.

“Assumed Contracts” means, collectively, (i) the Contracts that shall be set forth on Section 1.2(a) of the Purchaser Schedule by the Designation Deadline and (ii) the Non-Specified Contracts, other than the Contracts that shall be set forth on Section 1.2(b) of the Purchaser Schedule by the Designation Deadline.

“Assumed Liabilities” means the Closing Date Assumed Liabilities and Post-Closing Obligations.

“Audited Financial Statements” means the audited consolidated balance sheets (including the consolidating balance sheet), and the related consolidated statements of operations, consolidated statement of changes in shareholders’ equity, and consolidated statement of cash flows, of the Seller as of and for the fiscal years ended March 31, 2014, and June 30, 2013, together with the notes thereto.

“Bill of Sale” means the bill of sale to transfer the Purchased Assets to the Purchaser and/or, as applicable, one or more Purchaser Designees, free and clear of all Encumbrances (other than Permitted Encumbrances), substantially in the form attached hereto as Exhibit D.

“Books and Records” means all documents used by the Seller and with respect to which the Seller has possession or a right to possession of, in connection with, or relating to, the Purchased Assets, the Assumed Liabilities, or the operations of the Seller’s business, including all files, data, reports, plans, mailing lists, supplier lists, customer lists, price lists, Financial Records, marketing information and procedures, advertising and promotional materials, equipment records, warranty information, environmental site assessments, building condition reports, surveys, records of operations, standard forms of documents, manuals of operations or business procedures, and other similar procedures (including all discs, tapes, and other media-storage data containing such information), other than Retained Books and Records.

“Business Day” means any day other than a Saturday, Sunday, or other day on which commercial banks in New York City, New York or Toronto, Ontario are authorized or obligated to close under applicable Laws.

“Cash and Cash Equivalents” means all of the Seller’s cash (for certainty, other than cash held in escrow with Valiant Trust payable to certain Employees pursuant to employee retention arrangements) and cash equivalents (including petty cash and cheques received prior to the close of business on the Closing Date), checking account balances, marketable securities, certificates of deposits, time deposits, bankers’ acceptances, commercial paper and government securities and other cash equivalents, other than the Cash Reserve.

“Cash Reserve” means the Seller’s cash in an amount of \$1,150,000, or such other amount as may be agreed to by the Seller and the Majority Initial Consenting First Lien Lenders prior to the Closing Date.

“CCAA” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-35.

“CCAA Proceedings” means the proceedings to be commenced by the Seller pursuant to the CCAA.

“Claims” means all rights, claims, actions, refunds, causes of action, choses in action, suits or proceedings, including rights to refunds and rights of recovery, setoff, recoupment, indemnity or contribution and other similar rights (known and unknown, matured and unmatured, accrued or contingent, regardless of whether such rights are currently exercisable).

“Closing” has the meaning set forth in Section 7.1.

“Closing Date” has the meaning set forth in Section 7.1.

“Closing Date Assumed Liabilities” has the meaning set forth in **Error! Reference source not found.**Section 2.5.

“Closing Date Balance Sheet” means a balance sheet for the Seller as of the day prior to the Closing Date prepared in a manner consistent with the Most Recent Balance Sheet.

“Closing Documents” means any agreements, instruments, or other documents to be delivered at the Closing pursuant to Section 7.2 or Section 7.3.

“Commissioner” means the Commissioner of Competition appointed under the Competition Act.

“Competition Act” means the Competition Act (Canada).

“Competition Act Approval” means either:

(a) the Commissioner shall have issued an advance ruling certificate under Section 102 of the Competition Act with respect to the transactions contemplated by this Agreement; or

(b) each of the Parties shall have filed all notices and information required under Part IX of the Competition Act and the applicable waiting periods shall have expired; or

(c) the obligation to give the requisite notice has been waived pursuant to subsection 113(c) of the Competition Act; and,

in the case of (b) or (c), the Commissioner or his delegate shall have advised the Purchaser in writing that he is of the view that there are not sufficient grounds to initiate proceedings before the Competition Tribunal under the merger provisions of the Competition Act in respect of the transactions contemplated herein and such advice does not contain any conditions (other than the usual caveat that such proceedings may be initiated at any time up to

one (1) year after the transactions have been substantially completed) that are not satisfactory to the Purchaser acting reasonably.

“Competition Tribunal” has the meaning ascribed to the term ‘tribunal’ in section 2 of the Competition Tribunal Act (Canada).

“Confidentiality Agreement” means those certain confidentiality agreements set forth in Section 12(b) of the Support Agreement.

“Confidential Information” has the meaning set forth in Section 5.4(a).

“Consent” means any consent, approval, concession, grant, waiver, exemption, license, certificate, variance, registration, permit, order, or other authorization of or notice of any Person.

“Contracts” means any contract, agreement, understanding, arrangement, license or lease entered into by the Seller (whether oral or written) or affecting or related to any of the Seller’s business, the Purchased Assets or the Assumed Liabilities or by which the Seller is bound or by which any property of the Seller is subject to an Encumbrance.

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

“Cure Costs” has the meaning set forth in Section 2.8(a)(i).

“Designation Deadline” has the meaning set forth in Section 2.9.

“Disclosure Letter” has the meaning set forth in Section 4.1.

“Employee Benefit Plans” means each employee benefit plan and all other compensation and benefits plans, policies, programs, arrangements or payroll practices, including each share purchase, share option, restricted share, profit sharing, pension, savings, retirement, retirement savings, severance, retention, employment, consulting, change-of-control, collective bargaining, bonus, incentive, deferred compensation, disability or other insurance, health, dental, or similar benefits, supplemental unemployment benefit, employee loan, fringe benefit and other benefit plan, agreement, program, policy, commitment or other arrangement (including any related funding mechanism now in effect or required in the future) whether formal or informal, oral or written, funded or unfunded, registered or unregistered, in each case, that is sponsored, maintained, contributed or required to be contributed to by the Seller, under which any Employees participate or are eligible to participate, or under which the Seller has any current or potential Liability, including any Pension Plan.

“Employees” means each employee of the Seller.

“Encumbrances” means all mortgages, pledges, charges, liens, debentures, trust deeds, Claims, assignments by way of security or otherwise, security interests, conditional sales contracts or other title retention agreements, security created under the *Bank Act* (Canada), rights of first refusal, or similar interests or instruments charging or creating a security interest in the Purchased Assets or any part thereof or interest therein, and any agreements, leases, licenses,

occupancy agreements, options, easements, rights of way, restrictions, executions, or other encumbrances (including notices or other registrations in respect of any of the foregoing) affecting title to the Purchased Assets or any part thereof or interest therein.

“Environmental Laws” means all applicable Laws relating to pollution or protection of human health or the environment (including ambient air, water, surface water, groundwater, land surface, soil, or subsurface) or natural resources, including applicable Laws relating to the storage, transfer, transportation, investigation, cleanup, treatment, or use of, or release or threatened release into the environment of, any Hazardous Substances.

“Environmental Permits” means all material Permits issued pursuant to Environmental Laws.

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

“Excluded Assets” has the meaning set forth in Section 2.2(a).

“Excluded Contracts” means the Contracts, other than the Assumed Contracts.

“Excluded Liabilities” has the meaning set forth in Section 2.7.

“Filing Date” means the date that the CCAA Proceedings are commenced.

“final, non-appealable” (including, with correlative meaning, the term “final and non-appealable”) means, with respect to any Order or other action of a Governmental Authority, an Order or other action: (a) as to which no appeal, notice of appeal, motion for leave to appeal, motion to amend or make additional findings of fact, motion to alter or amend judgment, motion for rehearing, or motion for new trial has been timely filed or, if any of the foregoing has been timely filed, has been disposed of in a manner that upholds and affirms the subject order in all material respects without the possibility for further appeal or rehearing thereon; and (b) as to which the time for instituting or filing an appeal, motion for rehearing, or motion for new trial shall have expired. For greater certainty, the time at which an Order or other action of a Governmental Authority becomes final and non-appealable excludes any time period after those set out in (a) or (b) that may begin as a result of a proceeding initiated to vacate, set aside, vary, or provide relief from a final Order or other action of a Governmental Authority.

“Financial Records” means all books of account and other financial data and information of the Seller and all such records, data, and information stored electronically, digitally, or on computer-related media.

“Financial Statements” means, collectively, the Audited Financial Statements and the Unaudited Financial Statements.

“First Lien Credit Agreement” means the First Lien Credit Agreement, dated as of July 5, 2007, by and among the Seller, Nelson Holdings, Wilmington Trust, N.A., as successor administrative and collateral agent, and the other lenders party thereto.

“GAAP” means Canadian generally accepted accounting principles for private enterprises in effect from time to time.

“Governmental Authority” means any Canadian, foreign, federal, state, provincial, territorial, municipal, or local authority, legislative body, court, government, regulatory agency, self-regulatory organization (including any securities exchange), commission, board, court, bureau, arbitral or other tribunal, or any political or other subdivision, department, or branch of any of the foregoing.

“Hazardous Substances” means any material, substance or waste defined or characterized as hazardous, toxic, a pollutant, or a contaminant under Environmental Laws, including asbestos or any substance containing asbestos, polychlorinated biphenyls, lead paint, and petroleum or petroleum products (including crude oil and any fraction thereof).

“Hearing” means the hearing to be held by the Court to consider the approval of the Transaction and the granting of the Approval and Vesting Order, which shall be on notice to all of the Seller’s secured creditors and such other Persons as the Purchaser may request receive notice.

“Heritage Canada Approval” means the requisite approval of the Minister of Canadian Heritage under the Investment Canada Act with respect to the Transaction.

“Indebtedness” of any Person means, without duplication: (a) all obligations of such Person for borrowed money or advances; (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements, or similar instruments; (c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person (even though the rights and remedies of the seller or lenders under such agreement in the event of default are limited to repossession or sale of such property); (d) all obligations of such Person issued or assumed as part of the deferred purchase price of property or services; (e) all indebtedness secured by any Encumbrance on property owned or acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not the obligations secured thereby have been assumed; (f) any obligations with respect to bank guarantees; (g) all obligations of such Person for the reimbursement of any obligor in respect of letters of credit, letters of guaranty, bankers’ acceptances, and similar credit transactions; and (h) all contingent obligations of such Person in respect of Indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above.

“Indemnification Agreements” means the indemnification agreements indemnifying the directors and officers of the Seller, which agreements shall be in form and substance as agreed between the directors and officers of the Seller and the Purchaser as at the date hereof.

“Independent Contractors” has the meaning set forth in Section 4.1(q)(ii).

“Initial Order” means the initial order to be granted by the Court on the Filing Date, substantially in the form attached hereto as Exhibit E, as such order may be amended and restated by the Court from time to time in connection with the CCAA Proceedings, which order

shall at all times be in form and substance satisfactory to the Majority Initial Consenting First Lien Lenders.

“Intellectual Property Rights” means trade names, brand names, corporate names, business names, trademarks (including logos), trademark registrations and applications, service marks, service mark registrations and applications, copyrights, copyright registrations and applications, derivative works, moral rights, all rights to use any name or mark, and any related or associated name, internet domain names, URLs, issued patents and pending applications and other patent rights, industrial design registrations, pending applications and other industrial design rights, improvements, trade secrets, proprietary information and know-how, equipment and parts lists and descriptions, instruction manuals, inventions, inventors’ notes, research data, blueprints, drawings and designs, formulae, processes, computer software (including source code, executable code, firmware, data, databases, and technical documentation), internal-use software, and technical manuals and documentation used in connection therewith, technology, and other intellectual property, together with all rights under licenses, registered user agreements, technology transfer agreements, other agreements, or instruments relating to any of the foregoing, and goodwill associated with any of the foregoing, anywhere in the world.

“Investment Canada Act” means the Investment Canada Act (Canada) and the regulations promulgated thereunder.

“Knowledge” means, with respect to the Seller, as of any date, without any personal liability, the actual knowledge, after reasonable inquiry, including of their respective direct reports, of Greg Nordal and Michael Andrews, as of such date.

“Labour Representatives” has the meaning set out in Section 4.1(q)(xiv).

“Laws” means all statutes, laws (including common law), regulations, rules, ordinances, codes, and other requirements of any Governmental Authority, including any Orders.

“Liability” means any debt, liability, commitment, or other obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or not yet due) and including all costs, fees and expenses relating thereto.

“Majority Initial Consenting First Lien Lenders” has the meaning set forth in the Support Agreement.

“Material Adverse Effect” means any change, effect, event, occurrence, state of facts, or development that, individually or in the aggregate: (a) has been or could be reasonably likely to be material and adverse to the assets, liabilities, properties, business, financial condition, or capitalization of the Purchased Assets or the Assumed Liabilities; provided, however, that none of the following shall be taken into account in determining whether there has been, or could be, a Material Adverse Effect under this subclause (a): (i) changes in general economic or financial market conditions to the extent that such changes do not have a disproportionate impact on the Purchased Assets or the Assumed Liabilities relative to other companies in the publishing industry, (ii) changes affecting the industry in which the Seller operates (including changes in prices, costs of materials, labor, or shipping, general market prices, or regulatory changes in any such industry) to the extent that such changes do not have a disproportionate impact on the

Purchased Assets or the Assumed Liabilities relative to other companies in the publishing industry, (iii) the outbreak or escalation of hostilities, the declaration of war, the occurrence of any calamity or natural disaster, or acts of terrorism, (iv) changes in any Law or GAAP or interpretation thereof after the date hereof, (v) any event as to which the Purchaser has provided written consent hereunder, (vi) the announcement of this Agreement and the Transaction, (vii) compliance by the Seller with the terms of this Agreement or the Approval and Vesting Order, and each other agreement or document to be executed, filed, or delivered in connection herewith and therewith including the filing of the CCAA Proceedings (except that this subclause (vii) shall not apply to the representations set forth in Section 4.1(b)(ii) or Section 4.1(r)), or (viii) any failure by the Seller to meet any projections or estimates (including internal projections or estimates) of revenues, earnings, or performance for any period (provided, however, that the underlying cause for such failure may be considered in determining whether there may be a Material Adverse Effect); provided that this subclause (viii) shall not limit in any way the next subclause of this definition; or (b) has prevented, materially delayed, or materially impaired, or could be reasonably likely to prevent, materially delay, or materially impair, the ability of the Seller to consummate the Transaction or to perform the Seller's obligations hereunder.

"Material Contracts" has the meaning set forth in Section 4.1(k)(i).

"Monitor" means Alvarez & Marsal Canada ULC, in its capacity as Court-appointed Monitor of the Seller pursuant to the Initial Order.

"Most Recent Balance Sheet" means a balance sheet for the Seller as of the Most Recent Balance Sheet Date prepared in accordance with GAAP, which balance sheet shall be in form and substance acceptable to the Majority Initial Consenting First Lien Lenders.

"Most Recent Balance Sheet Date" means March 31, 2015.

"Nelson Holdings" has the meaning set forth in the preamble.

"Newco First Lien Credit Agreement" has the meaning set forth in Section 2.4(b)(ii).

"Non-Specified Contracts" means, collectively, each Contract between the Seller and an editor, reviewer, author, or other Person that, together with all other Contracts between the Seller and such editor, reviewer, author, or other Person, involved aggregate payments of less than \$100,000 in respect of the year ended December 31, 2014.

"Notice" means any notice, request, consent, acceptance, waiver, or other communication required or permitted to be given pursuant to this Agreement.

"Order" means any order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict, ruling, subpoena, or award entered by or with any Governmental Authority (whether temporary, preliminary, or permanent).

"Outside Date" means June 2, 2015, or such later date as may be agreed to by the Majority Initial Consenting First Lien Lenders and the Seller.

“Owned Real Property” has the meaning set forth in Section 4.1(j)(i).

“Party” or “Parties” has the meaning set forth in the preamble.

“Payment and Settlement Agreement” means the agreement to be entered into between the Seller and the Supplemental Agent providing for the payment and settlement of the obligations of the Seller under the First Lien Credit Agreement following the Closing, substantially in the form attached hereto as Exhibit G.

“Pension Plan” means any “registered pension plan,” as defined under Section 248(1) of the Tax Act and registered under any applicable federal or provincial pension legislation and sponsored, maintained, or contributed to by the Seller for its Employees or former Employees, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively.

“Permits” has the meaning set forth in Section 4.1(f)(iii).

“Permitted Encumbrances” means those Encumbrances set forth on Section 1.2(c) of the Purchaser Schedule.

“Person” means an individual, partnership, limited liability company, corporation, trust, joint venture, association, joint stock company, unincorporated organization, Governmental Authority, or other entity, and the successors and assigns thereof or the heirs, executors, administrators, or other legal representatives of an individual.

“Personal Property” means all furniture, furnishings, fixtures, equipment, appliances, tools, motor vehicles, parts, machinery, supplies, signs and signage, inventory (including inventory held at any location controlled by the Seller and any inventory previously purchased and in transit to the Seller), and all other tangible personal property used in the operation and maintenance of the Seller’s business.

“Post-Closing Obligations” has the meaning set forth in Section 2.6.

“Property Taxes” has the meaning set forth in Section 2.1(h).

“Purchase Price” has the meaning set forth in Section 2.4(a).

“Purchased Assets” has the meaning set forth in Section 2.1.

“Purchased Intellectual Property” has the meaning set forth in Section 2.1(o).

“Purchaser” has the meaning set forth in the preamble.

“Purchaser Designee” means one or more Affiliates of the Purchaser designated by the Purchaser to the Seller prior to the Closing.

“Purchaser Parties” has the meaning set forth in Section 8.3(b).

“Purchaser Preferred Shares” has the meaning set forth in Section 2.4(b)(iii).

“Purchaser Schedule” means the schedule delivered by the Purchaser to the Seller on the date of this Agreement and updated after the date of this Agreement in accordance with Section 2.9.

“Purchaser Termination Fee” means an amount of US\$1,000,000.00.

“Released Parties” has the meaning set forth in Section 5.12.

“Representative” means, with respect to a particular Person, any director, officer, manager, partner, member, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

“Retained Books and Records” means (a) any documents (including books and records) that the Seller is required by applicable Law to retain, (b) corporate seals, minute books, charter documents, corporate record books, original tax and financial records, and such other books and records as pertain to the organization, existence, actions, or share capitalization of the Seller, and (c) any books and records or information related exclusively to any of the Excluded Assets or Excluded Liabilities.

“Second Lien Credit Agreement” means the Second Lien Credit Agreement, dated as of July 5, 2007, by and among the Seller, Nelson Holdings, Royal Bank of Canada, as administrative agent and collateral agent, and the other lenders party thereto.

“Secured Lenders” means the lenders from time to time under the First Lien Credit Agreement.

“Seller” has the meaning set forth in the preamble.

“Seller Broker Fee” has the meaning set forth in Section 4.1(1).

“Service Providers” means the Seller’s current or former directors, officers, Employees, or Independent Contractors.

“SISP” has the meaning set forth in the recitals.

“Supplemental Agent” means Cortland Capital Market Services LLC, in its capacity as the as supplemental administrative agent under the First Lien Credit Agreement, or any successor thereto.

“Support Agreement” has the meaning set forth in the recitals.

“Tax” or “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, withholding, consumption, sales, use, transfer, goods and services, harmonized 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 Pension Plan and 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, whether disputed or not.

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

“Tax Return” or “Tax Returns” means all returns, declarations of estimated tax payments, reports, estimates, information returns, and statements, including any related or supporting information with respect to any of the foregoing, filed or required to be filed with any taxing authority.

“Term Note” has the meaning ascribed to that term in the Newco First Lien Credit Agreement.

“Title Company” means a title insurance company licensed to do business in Ontario.

“Transaction” means the transactions contemplated herein to be consummated at the Closing, including the purchase and sale of the Purchased Assets and the delegation and assumption of the Assumed Liabilities provided for in this Agreement.

“Transaction Expenses” means and includes reasonably incurred, documented, out-of-pocket professional costs, fees, and expenses incurred by the Purchaser or its Affiliates in connection with evaluating, negotiating, documenting, and performing the Transaction (including Willkie Farr & Gallagher LLP, Bennett Jones LLP and AlixPartners).

“Transfer Costs” has the meaning set forth in Section 7.4(a).

“Transfer Taxes” means any transfer, sales, use, registration, and other such taxes, any conveyance fees, any recording charges, and any other similar fees and charges (including penalties and interest in respect thereof).

“Transition Services” has the meaning set forth in Section 5.6(a).

“Transferred Employee” has the meaning set forth in Section 5.10(b).

“Unaudited Financial Statements” means the unaudited consolidated balance sheets, and the related unaudited consolidated statements of operations, consolidated statement of changes in shareholders’ equity, and consolidated statement of cash flows, of the Seller as of and for the eleven (11)-month period ended February 28, 2015.

Section 1.3 Other Terms. As used in this Agreement, any reference to any federal, state, local, provincial, or foreign law, including any applicable Law, will be deemed also to refer to all rules and regulations promulgated thereunder and all amendments or modifications thereto, unless the context requires otherwise. The words “include,” “includes,” and “including” will be

deemed to be followed by “without limitation.” Pronouns in masculine, feminine, or neuter gender will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. References to “this Agreement” shall include all Exhibits, Schedules, and other agreements, instruments, or other documents attached hereto. The words “herein,” “hereof,” “hereby,” “hereunder,” and words of similar import refer to this Agreement as a whole and not to any particular subdivision, unless expressly so limited. References in this Agreement to Articles, Sections, Schedules, or Exhibits are to Articles or Sections of, or Schedules or Exhibits to, this Agreement, except to the extent otherwise specified herein. References to the consent or approval of any Party or the Majority Initial Consenting First Lien Lenders shall mean the written consent or approval of such Party or the Majority Initial Consenting First Lien Lenders, which shall not be unreasonably withheld, conditioned, or delayed, except to the extent otherwise specified herein. For purposes of this Agreement, the Seller shall be entitled to rely on written confirmation from Willkie Farr & Gallagher LLP or Bennett Jones LLP that the Majority Initial Consenting First Lien Lenders, as applicable, have agreed, waived, consented to, or approved a particular matter. Willkie Farr & Gallagher LLP and Bennett Jones LLP shall be entitled to rely on a communication in any form acceptable to Willkie Farr & Gallagher LLP and Bennett Jones LLP, in their sole discretion, from any Secured Lender for the purpose of determining whether such Secured Lender has agreed, waived, consented to, or approved a particular matter, and the principal amount of loans held by such Secured Lender under the First Lien Credit Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein. Any agreement, instrument, or statute defined or referred to herein shall mean such agreement, instrument, or statute, as from time to time amended, modified, or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and are not part of this Agreement and do not in any way limit or modify the provisions of this Agreement and shall not affect the interpretation hereof. Unless otherwise specified herein, payments that are required to be made under this Agreement shall be paid by wire transfer of immediately available funds to an account designated in advance by the Party entitled to receive such payment. All references to “dollars” or “\$” in this Agreement shall mean Canadian dollars, and all references to “US\$” in this Agreement shall mean U.S. dollars.

Section 1.4 Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof will arise favoring or disfavoring any Party hereto because of the authorship of any provision of this Agreement.

Section 1.5 Time. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. If the time limited for the performance or completion of any matter under this Agreement expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day. Whenever action must be taken (including the giving of notice, the delivery of documents, or the funding of money) under this Agreement, prior to the expiration of, by no later than, or on a particular date, unless otherwise expressly provided in this

Agreement, such action must be completed by 5:00 p.m., New York City time, on such date (except for the filing of papers with the Court or the entry of any Order by the Court, which must be completed on such date by the deadline set forth in the rules of the Court). The time limit for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the Parties. All references herein to time are references to New York City time, unless otherwise specified herein.

ARTICLE II

AGREEMENT OF PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets. The Seller hereby agrees to sell, transfer, assign, convey, and deliver to the Purchaser and/or, as applicable, one or more Purchaser Designees, at the Closing, and the Purchaser hereby agrees to purchase, acquire, and assume, or cause one or more Purchaser Designees to purchase, acquire, and assume, from the Seller at the Closing, upon the terms and subject to the conditions of this Agreement, all right, title, and interest of the Seller of any nature whatsoever in all of the Seller's properties, interests, rights, and assets, other than the Excluded Assets, free and clear of any and all Encumbrances of any and every kind, nature, and description (other than Permitted Encumbrances) (collectively, the "Purchased Assets"), including the following:

- (a) the Assumed Contracts and all rights thereunder;
- (b) the Owned Real Property and all rights thereunder, together with all improvements, fixtures and other appurtenances thereto and rights in respect thereof;
- (c) all Accounts Receivable;
- (d) any Cash and Cash Equivalents, whether on hand, in transit to the Seller on the Closing Date or in banks or other financial institutions, and all security entitlements, securities accounts, commodity contracts and commodity accounts;
- (e) all deposits, prepaid expenses, advances, advance payments, prepayments, deferred charges, or rebates in favor of the Seller, including (i) security deposits with third-party suppliers, vendors or utility or service providers, ad valorem taxes and lease and rental payments, (ii) rebates, (iii) collateral pledged for workers' compensation and (iv) prepayments;
- (f) the shares and securities set forth in Section 2.1(f) of the Disclosure Letter;
- (g) all Personal Property owned or leased (to the extent of the Seller's leasehold interest therein) by the Seller;
- (h) all real property Taxes ("Property Taxes") that are prepaid and any refunds of Taxes;
- (i) all advertising, marketing, and promotional materials and all other similar printed or written materials of the Seller;

- (j) all Books and Records;
- (k) all Permits transferable under applicable Law;
- (l) all assets and rights under the Employee Benefit Plans other than any Employee Benefit Plan that is an employment or similar agreement between an Employee and the Seller;
- (m) all human resources and other employee-related files and records relating to the Transferred Employees, except to the extent prohibited by Law;
- (n) all rights of the Seller under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with employees and agents of the Seller or with third parties;
- (o) all Intellectual Property Rights owned by the Seller or used by the Seller, including the name "Nelson Education" and any other name used by the Seller (the "Purchased Intellectual Property");
- (p) all goodwill and other intangible assets associated with the business of the Seller;
- (q) to the extent assignable or transferable in accordance with the terms and conditions of the applicable insurance policies, applicable Law or the Approval and Vesting Order, (i) all of the Seller's insurance policies and rights and benefits thereunder (including (A) all rights pursuant to and proceeds, condemnation, or expropriation awards or other compensation in respect of loss or damage to any Purchased Asset from such insurance policies and (B) all claims, demands, proceedings and causes of action asserted by the Seller under such insurance policies relating to any Purchased Asset or Assumed Liability), and (ii) any letters of credit related thereto;
- (r) all motor vehicles owned or leased by Seller;
- (s) all other assets, inventory of finished goods, raw materials, work-in-progress, properties, and rights used or held for use by the Seller; and
- (t) all rights, claims, actions, refunds, causes of action, choses in action, suits, proceedings, rights of recovery, rights of setoff, rights of recoupment, rights of indemnity or contribution, and other similar rights (known and unknown, matured and unmatured, accrued or contingent, regardless of whether such rights are currently exercisable) against any Person, including all warranties, representations, guarantees, indemnities, and other contractual claims (express, implied, or otherwise), to the extent related to the Purchased Assets or the Assumed Liabilities.

Section 2.2 Excluded Assets.

(a) Nothing herein contained shall be deemed to sell, transfer, assign, convey, or deliver the Excluded Assets to the Purchaser or any Affiliate of the Purchaser, and the Seller shall retain all right, title, and interest to, in, and under the Excluded Assets, and neither the Purchaser nor any Affiliate of the Purchaser shall have any Liability therefor. "Excluded Assets" shall mean the following assets, properties and rights of the Seller:

- (i) any and all rights of the Seller under this Agreement;
- (ii) the Cash Reserve;
- (iii) the Excluded Contracts and any and all rights thereunder and prepaid assets related thereto;
- (iv) any shares, securities, or other interest of the Seller held in any other Person, other than the shares set forth in Section 2.1(f) of the Disclosure Letter;
- (v) any asset of the Seller that would constitute Purchased Assets (if owned by the Seller on the Closing Date) that is conveyed or otherwise disposed of during the period from the date of this Agreement until the Closing Date in accordance with the terms of this Agreement (including Section 5.1(f));
- (vi) all director and officer insurance policies and any entitlements and any proceeds paid or payable thereunder to or on behalf of the directors and officers of the Seller;
- (vii) all rights, claims, actions, refunds, causes of action, choses in action, suits or proceedings, rights of recovery, rights of setoff, rights of recoupment, rights of indemnity or contribution, and other similar rights (known and unknown, matured and unmatured, accrued or contingent, regardless of whether such rights are currently exercisable) against any Person, including all warranties, representations, guarantees, indemnities, and other contractual claims (express, implied, or otherwise) to the extent related exclusively to the assets, rights, and properties set forth in this Section 2.2(a) or the Excluded Liabilities; and
- (viii) Retained Books and Records; provided that the Seller shall use commercially reasonable efforts to provide the Purchaser with a copy (and shall allow the Purchaser to make a copy) of any Retained Books and Records that are related to the Purchased Assets or the Assumed Liabilities.

(b) Notwithstanding anything in this Agreement to the contrary, the Purchaser may, in its sole and absolute discretion, at any time on or prior to the date that is three (3) Business Days before the Closing Date, elect not to acquire any of the assets, properties, and rights of the Seller, and any asset so designated by the Purchaser shall be an Excluded Asset for all purposes hereunder; provided, however, that, with respect to Contracts, such designation shall be made in accordance with Section 2.9.

Section 2.3 Condition of Conveyance. Without limiting the provisions of this Agreement relating to the Assignment and Assumption Agreement or any other provisions of this Agreement relating to sale, transfer, assignment, conveyance, or delivery, the Purchased Assets and the Assumed Liabilities shall be sold, transferred, assigned, conveyed, and delivered by the Seller to the Purchaser and/or, as applicable, one or more Purchaser Designees, by appropriate instruments of transfer, bills of sale, endorsements, assignments, and deeds, in recordable form, by way of Court Order, as appropriate, or as otherwise acceptable to the

Purchaser, and free and clear of any and all Encumbrances of any and every kind, nature, and description, other than Permitted Encumbrances.

Section 2.4 Consideration.

(a) The amount payable by the Purchaser for the Purchased Assets (collectively, the “Purchase Price”) shall be equal to the sum of (i) US\$216,000,000 plus (ii) the amount of the Closing Date Assumed Liabilities.

(b) The Purchaser shall satisfy the obligation to pay the Purchase Price to the Seller by:

(i) assuming, at the Closing, the Closing Date Assumed Liabilities;

(ii) entering into, at the Closing, a first lien credit agreement substantially in the form attached hereto as Exhibit F (the “Newco First Lien Credit Agreement”) and issuing, at the Closing, the Term Note to the Seller in a principal amount equal to US\$200,000,000; and

(iii) issuing to the Seller, at the Closing, 1,000 non-voting redeemable/retractable preference shares in the capital stock of the Purchaser (the “Purchaser Preferred Shares”) with an aggregate redemption amount equal to US\$16,000,000.

Section 2.5 Assumption of Closing Date Assumed Liabilities. As partial payment of the Purchase Price, the Purchaser and/or, as applicable, one or more Purchaser Designees shall, effective from and after the Closing Date and to the extent permitted by applicable Law, assume and agree to pay, perform, and discharge, when due, the Closing Date Assumed Liabilities. For purposes of this Agreement, “Closing Date Assumed Liabilities” shall mean only the following Liabilities, to the extent payable on, accruing to, or arising prior to the Closing Date (and to the extent not paid at or prior to the Closing):

(a) (i) all Liabilities, including all ordinary course Liabilities due or accrued payable to clients, vendors, suppliers and customers, included in the Most Recent Balance Sheet, (ii) all trade payables (including, for certainty, customer credit balances) incurred in the ordinary course of business consistent with past practice from the Most Recent Balance Sheet Date to the Closing Date, (iii) all liabilities in respect of Non-Specified Contracts incurred in the ordinary course of business consistent with past practice from the Most Recent Balance Sheet Date to the Closing Date, and (iv) all liabilities in respect of Assumed Contracts (other than Non-Specified Contracts) incurred in the ordinary course of business consistent with past practice from the Most Recent Balance Sheet Date to the Closing Date, subject to Section 2.8(a)(ii);

(b) any Cure Costs in respect of the Assumed Contracts;

(c) the Transfer Costs for which the Purchaser is responsible under Section 7.4;

(d) (i) any Liabilities in respect of the Transferred Employees with respect to salaries or wages payable, benefits, employment insurance, workplace safety and insurance/workers’

compensation, Canada Pension Plan, statutory holiday pay, overtime pay, payroll or employer health taxes, commissions, bonuses, employee benefit plan payments or contributions, vacation entitlements, expense reimbursements in respect of the payroll period during which the Closing Date occurs, including all such liabilities and obligations with respect to the Transferred Employees which have been accrued on the books of the Seller up to and including the Closing Date in the ordinary course of business to the extent not payable prior to the Closing Date, and (ii) any Liabilities under key employee retention agreements set forth in Section 2.5(d) of the Disclosure Letter, in an aggregate amount not exceeding the amount set forth in Section 2.5(d) of the Disclosure Letter; and

(e) other than the court-ordered charges made in the CCAA Proceedings, any Liabilities of the Seller that rank senior in priority to the Encumbrances securing the obligations of the Seller to the Secured Lenders.

For avoidance of doubt, the Closing Date Assumed Liabilities shall not include any deferred revenue, regardless of whether such deferred revenue is shown as a liability on the Most Recent Date Balance Sheet or Closing Date Balance Sheet, provided that, for certainty, any obligations relating to deferred revenue in respect of Assumed Contracts shall be Post-Closing Obligations for purposes of this Agreement.

Section 2.6 Assumption of Obligations. In addition to assuming the Closing Date Assumed Liabilities, the Purchaser and/or, as applicable, one or more Purchaser Designees shall, from and after the Closing Date and to the extent permitted by applicable Law, assume and agree to pay, perform, and discharge, when due, the Post-Closing Obligations. For the avoidance of doubt, the parties hereto agree that the assumption by the Purchaser of the Post-Closing Obligations shall not constitute part of the Purchase Price or consideration payable by the Purchaser for the Purchased Assets. For purposes of this Agreement, "Post-Closing Obligations" shall mean only the following obligations, to the extent arising on or accruing after the Closing:

(a) all obligations of the Seller under the Assumed Contracts and the Employee Benefit Plans assumed pursuant to Section 2.1(l) above;

(b) all obligations with respect to the Seller's existing customer programs and return policies in the ordinary course of business consistent with past practice;

(c) (i) all obligations in respect of the Transferred Employees with respect to salaries or wages payable, statutory holiday pay, overtime pay, payroll or employer health taxes, commissions, vacation entitlements and expense reimbursements, and (ii) all obligations under key employee retention agreements set forth in Section 2.5(d) of the Disclosure Letter, in an aggregate amount not exceeding the amount set forth in Section 2.5(d) of the Disclosure Letter; and

(d) all obligations of the Seller arising under or in connection with the Purchased Assets.

For the avoidance of doubt, the Post-Closing Obligations shall not include any Liability that is otherwise included in the Closing Date Assumed Liabilities.

Section 2.7 Excluded Liabilities. Notwithstanding anything in this Agreement to the contrary, neither the Purchaser nor any Affiliate of the Purchaser shall assume, or be deemed to have assumed the Excluded Liabilities. “Excluded Liabilities” shall mean the following Liabilities of the Seller:

(a) except as contemplated by Section 2.5 and Section 2.6, all Liabilities of the Seller that (i) are not secured by Encumbrances on any of the assets of the Seller, (ii) are secured by Encumbrances on the assets of the Seller that rank junior to the Encumbrances securing the obligations of the Seller to the Secured Lenders, (iii) are subordinated to the obligations of the Seller to the Secured Lenders, or (iv) are secured by court-ordered charges in the CCAA Proceedings and that are subject to the Cash Reserve;

(b) all Liabilities arising out of Excluded Assets, including the Excluded Contracts;

(c) all Liabilities in respect of Indebtedness of the Seller (including all Liabilities arising under or in connection with the First Lien Credit Agreement and the Second Lien Credit Agreement), other than obligations under the Assumed Contracts and the Assumed Liabilities;

(d) except as contemplated by Section 2.5(a) or Section 2.5(b), any Liability in respect of the Assumed Contracts incurred prior to the Closing Date;

(e) (i) Taxes imposed with respect to the Excluded Assets or the Excluded Liabilities for any taxable period and (ii) pre-Closing income Taxes with respect to the Purchased Assets;

(f) all Liabilities of the Seller under this Agreement;

(g) except as contemplated by Section 2.5(a), Section 2.5(b), Section 2.5(d), Section 2.6(a), and Section 2.6(c), all Liabilities with respect to the Service Providers with respect to any period;

(h) any Liability to Nelson Holdings, to TN Holdings, L.P. or any of their respective shareholders or partners;

(i) except as required under applicable Laws, all Liabilities attributable to, relating to or arising from the period prior to the Closing arising (i) under Environmental Laws or (ii) from any Contract or other arrangement for disposal or treatment of Hazardous Substances, or for the transportation of Hazardous Substances for disposal or treatment, in each case including those Liabilities arising from acts or omissions occurring or conditions in existence prior to the Closing;

(j) any Liability with respect to any legal, accounting audit, financial advisory, and investment banking fees, Seller Broker Fee and any other expenses incurred by the Seller, including with respect to the transactions contemplated by this Agreement or the CCAA Proceedings (including fees and expenses that are subject to the Cash Reserve of the Monitor, the Monitor’s legal counsel, and the Seller’s legal counsel);

(k) any liability with respect to any pre-Closing infringement, misappropriation, misuse, or passing off of any Intellectual Property Rights; and

(l) any Liability of the Seller not expressly included among the Assumed Liabilities or expressly assumed by the Purchaser or a Purchaser Designee under this Agreement.

Section 2.8 Procedures for Assumption of Agreements; Delayed Transfer of Assets.

(a) (i) On or prior to the date hereof, the Seller has delivered Section 2.8(a) of the Disclosure Letter to the Purchaser, which Schedule contains, with respect to each Assumed Contract (other than Non-Specified Contracts), the Seller's good faith estimate of the amount required to be paid with respect to each such Assumed Contract to cure any monetary defaults under such Assumed Contract to the extent required by Section 11.3 of the CCAA and otherwise satisfy all requirements imposed by Section 11.3 of the CCAA (such specified amounts, the "Cure Costs").

(ii) Up to three (3) Business Days prior to Closing, the Purchaser shall have the right to request that the Seller, and the Seller shall, seek the determination of any applicable Cure Costs in respect of any Assumed Contracts (other than Non-Specified Contracts) by agreement of the counterparty to the applicable Assumed Contract, by order of the Court, or as otherwise acceptable to the Purchaser. As soon as possible after any such request, the Seller and the Purchaser shall work cooperatively in order to determine Cure Costs in respect of any such Assumed Contract(s).

(iii) Notwithstanding the foregoing, up to one (1) Business Day prior to the Closing, the Purchaser may identify any Assumed Contract as one that the Purchaser no longer desires to have assigned to it or a Purchaser Designee in accordance with Section 2.9.

(iv) At the Closing, the Seller shall assign to the Purchaser and/or, as applicable, one or more Purchaser Designees the Assumed Contracts, in each case in accordance with the terms of the relevant Contracts, pursuant to Section 11.3 of the CCAA, the Approval and Vesting Order or other Order of the Court in form and substance satisfactory to the Majority Initial Consenting First Lien Lenders, or as otherwise acceptable to the Purchaser. Any Cure Costs in respect of all of the Assumed Contracts shall be paid by the Purchaser or a Purchaser Designee on or before the Closing or as soon as practicable after the Cure Cost for an Assumed Contract has been determined in accordance with Section 2.8(a)(ii). Other than with respect to Cure Costs, and except as contemplated by **Error! Reference source not found.**Section 2.5 and Section 2.6, and except as prohibited by applicable Law, the Seller shall be solely responsible for the performance and discharge of the obligations under the Assumed Contracts and payments when due under the Assumed Contracts to the extent such obligations or payments arise prior to the Closing Date.

(b) Nothing herein shall be deemed to require the transfer, assignment, conveyance, or delivery of any Purchased Asset that by operation of applicable Law cannot be transferred, assigned, conveyed, delivered, or assumed, including any Purchased Asset that cannot be transferred, assigned, conveyed, delivered, or assumed without a Consent that has not been obtained (after giving effect to the Approval and Vesting Order, any other Order of the Court and the CCAA). Notwithstanding anything in this Agreement to the contrary, to the extent that the sale, transfer, assignment, conveyance, or delivery or attempted sale, transfer, assignment, conveyance, or delivery to the Purchaser and/or, as applicable, one or more Purchaser Designees

of any asset that would be a Purchased Asset or any claim or right or any benefit arising thereunder or resulting therefrom is prohibited by any applicable Law or would require any Consent from any Governmental Authority or any other third party (after giving effect to the Approval and Vesting Order, any other Order of the Court and the CCAA) and such Consents shall not have been obtained prior to the Closing, the Closing shall proceed without the sale, transfer, assignment, conveyance, or delivery of such asset unless there is a failure of one or more of the conditions set forth in Article VI, in which event the Closing shall proceed only if each failed condition is waived by the Party entitled to the benefit thereof. In the event that the Closing proceeds without the transfer or assignment of any such Purchased Asset, then, following the Closing, the Purchaser and the Seller shall use their respective commercially reasonable efforts, and cooperate with each other, to obtain promptly such Consent. Pending such Consent, the Parties shall reasonably cooperate with each other in any mutually agreeable arrangement designed to provide the Purchaser and the Purchaser Designees, as applicable, with all of the benefits of use of such asset, at the sole cost and expense of the Purchaser. Once Consent for the sale, transfer, assignment, conveyance, or delivery of any such asset not sold, transferred, assigned, conveyed, or delivered at the Closing is obtained, the Seller shall promptly transfer, assign, convey, and deliver such asset to the Purchaser and/or, as applicable, one or more Purchaser Designees at no additional cost. To the extent that any such asset cannot be transferred or the full benefits or use of any such asset cannot be provided to the Purchaser and/or, as applicable, one or more Purchaser Designees following the Closing pursuant to this Section 2.8(b), then, to the extent permitted by applicable Law, the Purchaser and the Seller shall enter into such arrangements (including subleasing, sublicensing, or subcontracting) to provide to the Parties hereto the economic (taking into account Tax costs and benefits) and operational equivalent, to the extent permitted, of obtaining such Consent. The Seller shall hold in trust for, and pay to the Purchaser and/or, as applicable, one or more Purchaser Designees, promptly upon receipt thereof, all income, proceeds, and other monies received by the Seller derived from its use of any asset that would be a Purchased Asset in connection with the arrangements under this Section 2.8(b). Notwithstanding anything to the contrary contained herein, nothing in this Section 2.8 shall be deemed to require the Seller to delay or otherwise alter the completion of the CCAA Proceedings or any winding-up of the Seller or any of its Affiliates.

(c) If, following the Closing, the Seller receives or becomes aware that it holds any asset, property, or right that constitutes a Purchased Asset, then the Seller shall transfer such asset, property, or right to the Purchaser and/or, as applicable, one or more Purchaser Designees as promptly as practicable for no additional consideration.

(d) If, following the Closing, the Purchaser receives or becomes aware that it holds any asset, property, or right that constitutes an Excluded Asset, then the Purchaser shall transfer such asset, property, or right to the Seller as promptly as practicable for no additional consideration.

Section 2.9 Additional and Eliminated Assumed Contracts. Notwithstanding anything in this Agreement to the contrary, the Purchaser may, in its sole and absolute discretion, amend or revise Section 1.2(b) of the Purchaser Schedule setting forth the Excluded Contracts or Section 1.2(a) of the Purchaser Schedule setting forth the Assumed Contracts in order to add or eliminate any Contract to such Purchaser Schedule up to three (3) Business Days prior to the Closing Date (the "Designation Deadline") and, for any particular Assumed Contract that will be

assumed in whole or in part by a Purchaser Designee, to identify such Purchaser Designee. Automatically upon the deletion of any Contract from Section 1.2(b) of the Purchaser Schedule or addition of any Contract to Section 1.2(a) of the Purchaser Schedule, it shall be an Assumed Contract for all purposes of this Agreement, and Liabilities arising at and after the Closing Date under such Contract shall be an Assumed Liability for all purposes of this Agreement to the extent so provided herein. Automatically upon the addition of any Contract to Section 1.2(b) of the Purchaser Schedule or the deletion of any Contract from Section 1.2(a) of the Purchaser Schedule, it shall be an Excluded Asset for all purposes of this Agreement. If the Purchaser indicates in writing to the Seller after the Closing Date that it wishes to acquire a Contract of the Seller that was not an Assumed Contract on the Closing Date, the Seller will use its commercially reasonable efforts to assign such Contract to the Purchaser; provided, however, that nothing herein shall be deemed or construed to obligate the Seller to retain, or refrain from rejecting or terminating, any Contract after the Designation Deadline that does not constitute an Assumed Contract; provided, further, that nothing herein shall be deemed to require the Seller to delay or otherwise alter the completion of the CCAA Proceedings or any winding-up of the Seller or any of its Affiliates.

ARTICLE III

COURT APPROVAL

Section 3.1 The Hearing and the Approval and Vesting Order. The Seller shall use its best efforts to have the Hearing scheduled for as soon as reasonably practicable after the Filing Date and the Hearing shall in no event be held later than ten (10) calendar days after the Filing Date. At the Hearing, the Seller shall seek the entry of the Approval and Vesting Order.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the Seller. Except as set forth in the correspondingly numbered Schedules of the Disclosure Letter delivered as of the date hereof by the Seller to the Purchaser (the "Disclosure Letter") (it being understood that any matter disclosed in any Schedule of the Disclosure Letter will be deemed to be disclosed in any other Schedule of the Disclosure Letter to the extent that it is readily apparent on the face of such disclosure that such disclosure is applicable to such other Schedule), the Seller hereby represents and warrants to the Purchaser as follows:

(a) Organization, Corporate Power, Qualification and Subsidiaries. The Seller is duly organized, validly existing and, as of the date of this Agreement, in good standing under the Laws of the jurisdiction of its incorporation. The Seller has all requisite power and authority to own, lease, develop and operate the Purchased Assets and to carry on its business as now being conducted. The Seller is duly licensed or qualified to do business in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary. Nelson Holdings owns all of the outstanding shares and any other ownership interests of the Seller. Other than as described in the preceding sentence, the Seller (i) does not own, directly or indirectly, any shares or other ownership interest in any Person, or any

securities convertible into or exchangeable or exercisable for any shares or other ownership interests in any Person, (ii) does not have any obligation to acquire any shares or other ownership interests in any Person, or any securities convertible into or exchangeable or exercisable for any shares or other ownership interests of any Person, or to make any investment in any Person, or (iii) is not a party to any partnership, limited liability company, joint venture or similar agreement. TN Holdings, L.P. and Nelson Holdings do not own any assets relating to the operation of the business of the Seller.

(b) Authorization of Agreements, Enforceability, No Conflicts, Etc.

(i) The Seller has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder (subject, in the case of the obligation to carry out the Transaction, to the entry of the Approval and Vesting Order and subject to Heritage Canada Approval and Competition Act Approval (unless in either case the Parties mutually agree that such approval is not required)). Subject to the entry of the Approval and Vesting Order, the execution, delivery, and performance by the Seller of this Agreement and the consummation of the Transaction have been duly and validly authorized by all requisite corporate action on the part of the Seller and no other proceeding on the part of the Seller is necessary to authorize this Agreement and to consummate the Transaction. This Agreement has been (or will be) duly and validly executed and delivered by the Seller and (assuming the due authorization, execution, and delivery by all parties hereto and thereto, other than the Seller) constitutes (or will constitute) a valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms (subject, in the case of the obligation to carry out the Transaction, to the entry of the Approval and Vesting Order).

(ii) The execution, delivery, and performance by the Seller of this Agreement does not, and the consummation by the Seller of the Transaction, upon entry of the Approval and Vesting Order, will not, (A) conflict with or result in the breach of any provision of the organizational documents of the Seller, (B) conflict with, violate, or result in the breach by the Seller of any applicable Law, (C) require the Seller to make any filing with or give notice to, or obtain any Consent from, any Governmental Authority, other than the Approval and Vesting Order, Consent from government intellectual property offices to register assignments of Intellectual Property Rights and other related documents, and Heritage Canada Approval and Competition Act Approval (unless in either case the Parties mutually agree that such approval is not required), (D) conflict with, violate, result in the breach or termination of or the loss of a benefit under, or constitute (with or without notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, payment, or acceleration) or adverse modification of any terms or rights under any Contract or Permit (subject, in the case of the assumption and assignment to the Purchaser of any Assumed Contract or Permit that by its terms requires Consent to assignment, to receipt of such Consent, the entry of the Approval and Vesting Order or another Order of the Court and the terms and conditions of this Agreement), or (E) result in any Encumbrance on any of the Purchased Assets (other than a Permitted Encumbrance), except, in each case, as set forth in Section 4.1(b)(ii) of the Disclosure Letter. The items listed in Section 4.1(b)(ii)(A) of the Disclosure Letter would

not individually or in the aggregate constitute, or be reasonably likely to result in, a Material Adverse Effect.

(c) Title to Personal Property; Liens. The Seller has good, marketable and valid title (or in the case of leased items of Personal Property, leasehold interest) to all material items of Personal Property used in its business or that otherwise constitute Purchased Assets (except as sold or disposed of subsequent to the date hereof in the ordinary course of business consistent with past practice and not in violation of this Agreement or the other Transaction documents), free and clear of any and all Encumbrances, other than Permitted Encumbrances and except as set forth in Section 4.1(c) of the Disclosure Letter.

(d) Sufficiency of Assets. The Purchased Assets constitute substantially all of the tangible and intangible assets and properties that are used or held for use by the Seller in connection with its business and, subject to Section 2.2(b), the Purchased Assets are sufficient for the Purchaser to conduct and operate the business of the Seller from and after the Closing Date in substantially the same manner and without interruption, as it has been conducted by the Seller immediately prior to the Closing. Without limiting the foregoing, the interest of the Seller in and to all property, assets, interests, and rights comprising the Personal Property is sufficient such that the Purchaser is not subject to any penalty, fee, levy, charge, or other compensation payable to any third party for the use of or access to the Personal Property and, without restricting the generality of the foregoing, none of the Personal Property is leased or rented, in each case except as set forth in Section 4.1(d) of the Disclosure Letter. The Purchased Assets are in good and operable condition, reasonable wear and tear excepted, and, to the Knowledge of the Seller, the Personal Property operated by third parties, if any, is in good and operable condition, reasonable wear and tear excepted. The Intellectual Property Rights owned and used by the Seller are valid, subsisting and enforceable. The Seller has taken steps to protect the Intellectual Property Rights and to maintain the confidentiality of trade secrets and other proprietary information. All trademarks and trade names, whether registered or unregistered, have been in continuous use in the three-year period preceding this Agreement.

(e) Litigation.

(i) Except as set forth in Section 4.1(e) of the Disclosure Letter, as of the date of this Agreement, there is not pending or, to the Knowledge of the Seller, threatened, an Action against the Seller or affecting the Purchased Assets or the Assumed Liabilities. The Seller has provided timely notice of claims related to Actions and Claims to its insurers and there is no Action or Claim for which insurance coverage has been disputed or denied. Except as set forth in Section 4.1(e) of the Disclosure Letter, no Seller, Purchased Asset or Assumed Liability is subject to any Order, and the Seller is not in breach or violation of any Order. Except as set forth in Section 4.1(e) of the Disclosure Letter, the Seller is not engaged in any legal action to recover monies due to it or for damages sustained by it.

(ii) Except as set forth in Section 4.1(e) of the Disclosure Letter, the Seller has not received notice from any third party claiming an interest in and to the Purchased Assets adverse to the interest of the Seller, and the Seller has no reason to believe that any such claim may be made.

(f) Compliance with Law; Permits.

(i) The Seller, and to the Knowledge of the Seller, each of the Service Providers, has at all times within the two (2) years preceding the date of this Agreement operated its business in compliance with all applicable Laws in all material respects. Within the two (2) years preceding the date of this Agreement, the Seller has not received notice of any investigation or review by any Governmental Authority with respect to the Purchased Assets or the business of the Seller that is pending, and, to the Knowledge of the Seller, no investigation or review is threatened, nor has any Governmental Authority indicated any intention to conduct the same relating to the Purchased Assets or the business of the Seller within the two (2) years prior to the date of this Agreement.

(ii) Subject to the entry of the Approval and Vesting Order and any order approving the assumption and assignment of the Assumed Contracts, the Seller has complied with all requirements of the CCAA in connection with obtaining approval of the sale of the Purchased Assets (including the assumption and assignment to the Purchaser and/or, as applicable, one or more Purchaser Designees of any Assumed Contracts) to the Purchaser and/or, as applicable, one or more Purchaser Designees pursuant to this Agreement.

(iii) Attached as Section 4.1(f)(iii) of the Disclosure Letter is a schedule of all material permits, consents, licenses, approvals, or similar authorizations of Governmental Authorities required for operation of the business of the Seller (the "Permits"). Each Permit is in full force and effect, the Seller is in compliance with their terms and conditions in all material respects, all required renewal applications have been timely filed, no notice has been received by a Governmental Authority to revoke any Permit, and no proceeding is pending or, to the Knowledge of the Seller, threatened to revoke or limit any Permit.

(g) Financial Statements.

(i) The Seller has furnished the Purchaser with the Audited Financial Statements and the Unaudited Financial Statements. The Financial Statements have been prepared in accordance with GAAP and the Seller's accounting policies and practices consistently applied throughout the periods included therein, except, in the case of the Unaudited Financial Statements, for normal year-end audit adjustments and the absence of footnote disclosures, none of which, individually or in the aggregate, are material.

(ii) The Financial Statements present fairly, in all material respects, the consolidated financial condition of the business of the Seller as of the dates set forth therein, and the consolidated results of operations and cash flows for the periods covered thereby, in conformity with GAAP (subject, in the case of the Unaudited Financial Statements, to the absence of notes and normal year-end audit adjustments and to any other adjustments set forth therein).

(iii) All financial transactions of the business of the Seller that are material to the business of the Seller have been properly recorded in the Financial Records, which

have been maintained in accordance with sound business and financial practice. The Financial Records accurately reflect in all material respects the basis for the financial condition and the revenues, expenses, and results of operations of the business of the Seller. No information, records, systems, controls, or data pertaining to or required for the operation or administration of the business of the Seller are recorded, stored, maintained by, or are otherwise dependent upon, any computerized or other system, program, or device that is not exclusively owned and controlled by the Seller, except as set forth in Section 4.1(g)(iii) of the Disclosure Letter, and, on the Closing Date, the Purchaser will have originals or copies of all such records, systems, controls, or data pertaining to or required for the operation or administration of the business of the Seller that are in the Seller's possession or control, including, where applicable, copies of all computer software and documentation relating thereto.

(iv) The Books and Records have been maintained in material compliance with applicable Law and accounting requirements and fairly reflect all dealings and transactions in respect of the Purchased Assets and the Assumed Liabilities.

(h) No Undisclosed Liabilities. As of the date hereof the Seller does not have any Claims against it or Liabilities except: (i) as set forth in the Financial Statements; (ii) for Liabilities incurred in the ordinary course of business consistent with past practice subsequent to March 31, 2015 that are not material to the Seller; (iii) Claims against it or Liabilities set forth on Section 4.1(h) of the Disclosure Letter, which schedule contains a true and complete list of (a) all Claims and Liabilities as at March 31, 2015 (other than any such individual Liability of \$50,000 or less; provided that the aggregate of all such individual Liabilities described in this parenthetical that are not otherwise set forth in the Financial Statements shall not exceed \$250,000) against the Seller, or any property owned by the Seller, as of the date of this Agreement, whether or not such Claims are reduced to judgment, liquidated, unliquidated, fixed, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, (b) the Person or Persons holding such Claims or Liabilities and (c) the approximate dollar amount of each such Claim or Liability, as the case may be; and (iv) Claims against it or Liabilities arising under all Contracts, Employee Benefit Plans, Permits and Orders of the Seller. Except as set forth in Section 4.1(h) of the Disclosure Letter, there are no off-balance sheet arrangements of any type, nor any obligations to enter into any such arrangements.

(i) Absence of Certain Changes. Except as disclosed in Section 4.1(i) of the Disclosure Letter or as approved by an Order of the Court, the business of the Seller has been carried on in the ordinary course in all material respects since January 31, 2013 and will be carried on in the ordinary course in all material respects after the date of this Agreement or as otherwise contemplated in this Agreement and up to the Closing Date, subject to the terms of the Initial Order or any other Order of the Court.

(j) Real Property.

(i) Section 4.1(j) of the Disclosure Letter sets forth a complete and accurate list of all of the real property in which the Seller has an interest (collectively, the "Owned Real Property"). The Owned Real Property constitutes all of the real property currently used and reasonably necessary for the ongoing conduct of the business of the Seller and

no other real property is reasonably necessary to conduct the business of the Seller. No consent is needed in connection with the transfer of the Owned Real Property, as contemplated herein, which has not been obtained. The Seller has the right to use the Owned Real Property for the purposes such Owned Real Property is currently being used and same is being used materially in compliance with applicable Laws. There are no pending or, to the Knowledge of the Seller, threatened condemnation or expropriation proceedings, lawsuits, or administrative actions relating to any Owned Real Property or other matters materially affecting and adversely impairing the current use or occupancy thereof. The Seller does not own or occupy any real property other than the Owned Real Property. The Seller has (x) a valid, good, marketable fee simple interest in the Owned Real Property and (y) valid title to, or a valid leasehold interest in, the material tangible personal property constituting Purchased Assets, in each case (x) and (y), free and clear of Encumbrances, other than Permitted Encumbrances and except as set forth in Section 4.1(c) of the Disclosure Letter. The Seller is not obligated to pay any brokerage commission or fee in connection with any Owned Real Property. Except as set forth in Section 4.1(j)(i) of the Disclosure Letter, the Seller is not a party to any lease, sublease, license, or similar occupancy contract, including any guarantees in respect of real property (whether as lessee or lessor).

(ii) As of the date of this Agreement, the Seller has not received any written notice of any, and there is no pending or, to the Knowledge of the Seller, threatened, eminent domain, condemnation, expropriation or rezoning proceeding, or any sale or other disposition in lieu of eminent domain, condemnation or expropriation, with respect to the Owned Real Property or any part of the Owned Real Property or for the relocation of roadways or streets providing access to or egress from the Owned Real Property.

(k) Material Contracts.

(i) Section 4.1(k)(i) of the Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of, and the Seller has made available to Purchaser true and complete copies of, the following Contracts to which the Seller is a party (collectively, the "Material Contracts"):

(I) each Contract of the Seller involving aggregate 2014 fiscal or calendar year payments, as the case may be, by or to the Seller of more than \$100,000;

(II) (A) all Contracts pursuant to which any Indebtedness of the Seller is outstanding or may be incurred, (B) all Contracts of or by the Seller guaranteeing any debt obligations of any other Person (other than the Seller), including the respective aggregate principal amounts outstanding as of the date hereof and (C) all Contracts involving any "keep well" arrangements or pursuant to which the Seller has agreed to maintain any financial statement condition of another Person;

(III) all Contracts relating to any mortgage, indenture, security agreement, guaranty or other agreement or instrument relating to Indebtedness or the extension of credit;

(IV) all employment Contracts for Employees being paid in the 2014 calendar year an annual base salary of \$100,000 or more per annum and any employment change of control, retention, severance or material consulting Contracts;

(V) all Contracts pursuant to which the Seller has agreed not to, or which, following the consummation of the transactions contemplated by this Agreement, could restrict the ability of Purchaser and its Affiliates, including the Seller, to compete with any Person in any business or in any geographic area or to engage in any business or other activity, including any restrictions relating to "exclusivity" or any similar requirement in favor of any Person other than the Seller or pursuant to which any benefit is required to be given or lost as a result of so competing or engaging (other than Non-Specified Contracts);

(VI) all Contracts granting any license to any right, property or other asset (other than Non-Specified Contracts);

(VII) all Contracts pertaining to any Intellectual Property Rights (excluding agreements for the use of commercially available, off-the-shelf, shrink-wrap and click-wrap software and Non-Specified Contracts);

(VIII) all joint venture, limited liability company, partnership or other similar Contracts (including all amendments thereto) in which the Seller holds an interest;

(IX) all Contracts between the Seller, on the one hand, and any of its Affiliates or any current or former officer, director or member thereof, on the other hand;

(X) all Contracts relating to the acquisition (by merger, purchase of shares or assets or otherwise) by the Seller of any operating business or assets or the shares of any other Person; and

(XI) all Contracts for the sale of any of the assets of the Seller, other than in the ordinary course of business consistent with past practice, or for the grant to any Person of any preferential rights to purchase any of its assets in excess of \$50,000.

(ii) Each Material Contract is in full force and effect and is a legal, valid and binding obligation of the Seller, and, to the Knowledge of the Seller, of the other parties thereto, enforceable against each of them in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity. Except as set forth in Section 4.1(k)(ii) of the Disclosure Letter, the Seller has

performed all material obligations required to be performed by it to date under each Material Contract. Except as set forth in Section 4.1(k)(ii) of the Disclosure Letter, the Seller is not in material violation of or in material default under (nor, to the Knowledge of the Seller, does there exist any condition which upon the passage of time or the giving of notice or both would cause such a violation of or default under) any Material Contract to which it is a party or by which the Seller, or any of its properties or other assets, is bound. Except as set forth in Section 4.1(k)(ii) of the Disclosure Letter, no party to any of the Material Contracts has exercised any termination rights with respect thereto, and no party has given written notice or threatened to give such notice, to the Seller of any significant dispute with respect to any Material Contract.

(iii) Except as would not individually or in the aggregate constitute, or be reasonably likely to result in, a Material Adverse Effect, each Non-Specified Contract is in full force and effect and is a legal, valid and binding obligation of the Seller, and, to the Knowledge of the Seller, of the other parties thereto, enforceable against each of them in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity. Except as would not individually or in the aggregate constitute, or be reasonably likely to result in, a Material Adverse Effect, the Seller has performed all obligations required to be performed by it to date under each Non-Specified Contract. Except as would not individually or in the aggregate constitute, or be reasonably likely to result in, a Material Adverse Effect, the Seller is not in violation of or in default under (nor, to the Knowledge of the Seller, does there exist any condition which upon the passage of time or the giving of notice or both would cause such a violation of or default under) any Non-Specified Contract to which it is a party or by which the Seller, or any of its properties or other assets, is bound. Except as would not individually or in the aggregate constitute, or be reasonably likely to result in, a Material Adverse Effect, no party to any of the Non-Specified Contracts has exercised any termination rights with respect thereto, and no party has given written notice or threatened to give such notice, to the Seller of any significant dispute with respect to any Non-Specified Contract.

(l) Brokers. Upon consummation of the Transaction, the Seller shall have incurred no Liability for brokerage or finders' fees or agents' commissions or other similar payment in connection with the Transaction (a "Seller Broker Fee"), other than to Alvarez & Marsal Canada ULC. Neither the Purchaser nor any Affiliate of the Purchaser will have any Liability in connection with any Seller Broker Fee.

(m) Environmental Matters. The use by the Seller of the Owned Real Property is in material compliance with all Environmental Laws. The Owned Real Property is in material compliance with Environmental Laws, including any Environmental Permits. As of the date of this Agreement, (i) the Seller is not, to the Knowledge of the Seller, subject to any pending or threatened Action alleging that the Seller may be in violation of any Environmental Law or Environmental Permit, or may have any Liability under any Environmental Law and (ii) the Seller has not stored, treated, disposed of, arranged for disposal or treatment of, transported, handled, manufactured, distributed, or released any Hazardous Substance on, under, or from the

Owned Real Property, except in material compliance with Environmental Laws or as set out in Section 4.1(m) of the Disclosure Letter.

(n) Intellectual Property.

(i) The Seller has valid title or a valid license to all of the Purchased Intellectual Property, except as set forth in Section 4.1(n)(i) of the Disclosure Letter. The Purchased Intellectual Property listed in Section 4.1(n)(i) of the Disclosure Letter is not necessary for the Purchaser to conduct or operate the business of the Seller from and after the Closing Date in substantially the same manner, and without interruption, as it has been conducted by the Seller immediately prior to the Closing.

(ii) Section 4.1(n)(ii) of the Disclosure Letter lists all Purchased Intellectual Property that is not listed in Section 4.1(n)(i) of the Disclosure Letter in which moral rights have not been waived.

(iii) All employees, officers and directors of the Seller during the two (2) year period preceding the date of this Agreement have assigned in writing to the Seller all Purchased Intellectual Property that such employees, officers and directors have created.

(iv) All agents and Independent Contractors of the Seller during the two (2) year period preceding the date of this Agreement have assigned in writing to the Seller all rights held by such agents and Independent Contractors in Purchased Intellectual Property created for the Seller.

(v) All agents and Independent Contractors of the Seller during the two (2) year period preceding the date of this Agreement have waived in writing moral rights in Purchased Intellectual Property.

(vi) Section 4.1(n) of the Disclosure Letter lists each registered Purchased Intellectual Property and each Contract with respect to Purchased Intellectual Property pursuant to which the Seller has granted any Person the right to reproduce, distribute, market, or exploit such Intellectual Property Rights (and in each case with aggregate 2014 fiscal or calendar year payments, as the case may be, to the Seller of more than \$50,000).

(vii) Except as set forth in Section 4.1(n) of the Disclosure Letter, there is no Action pending or, to the Knowledge of the Seller, threatened that challenges the validity of ownership or use of any Purchased Intellectual Property, and there exists, to the Knowledge of the Seller, no state of facts and circumstances that would result in any such challenge that is material to the business of the Seller being successful or which would be reasonably likely to result in a material liability or otherwise have a Material Adverse Effect.

(viii) To the Knowledge of the Seller, no third party's operations or products infringe on the Purchased Intellectual Property in any material respect.

(ix) Except as set forth in Section 4.1(n) of the Disclosure Letter, to the Knowledge of the Seller, the operation of the business of the Seller does not infringe, misappropriate, misuse, or pass off on the Intellectual Property Rights of any other Person.

(x) The Seller has not received, during the three (3) year period preceding the date of this Agreement, any written claim, written notice or other written communication, and, to the Knowledge of the Seller, there are not any threatened Actions, alleging infringement, invalidity, or unenforceability with respect to any Purchased Intellectual Property, in each case in an amount in excess of \$10,000, or that, if successful, would result in a loss of the Seller's revenue in excess of \$10,000, except as set forth in Section 4.1(n) of the Disclosure Letter.

(xi) The Seller has not received, during the three (3) year period preceding the date of this Agreement, any written claim, written notice or other written communication, and, to the Knowledge of the Seller, there are not any threatened Actions, alleging infringement, misappropriation, misuse or passing off of the Intellectual Property Rights of any other Person, in each case in an amount in excess of \$10,000, or that, if successful, would result in a loss of the Seller's revenue in excess of \$10,000, except as set forth in Section 4.1(n) of the Disclosure Letter.

(o) Insurance.

(i) Section 4.1(o) of the Disclosure Letter sets forth a complete list of all insurance policies with respect to which the Seller is a party, a named insured, or otherwise the beneficiary of coverage with respect to any of the Purchased Assets or the Assumed Liabilities. The assets of the Seller have been insured against risks normally covered by insurance policies by companies carrying on business of a similar nature of the Seller. There is no material claim by the Seller pending under any such policies that has been denied or disputed by the insurer. All such insurance policies, other than insurance policies provided by Cengage Learning Inc. or its Affiliates, and, to the knowledge of the Seller, all insurance policies provided by Cengage Learning Inc. or its Affiliates, are in full force and effect, all premiums due and payable thereon have been paid, all material terms and conditions of such policies have been complied with, and no written notice of cancellation or termination has been received by the Seller with respect to any such policy that is not replaceable by the Seller on substantially similar terms prior to the date of such cancellation.

(ii) During the period beginning on February 28, 2015 to the date of this Agreement, there has not been any material damage to the Purchased Assets that are tangible assets and material to the business of the Seller in respect of which the Seller is entitled to insurance proceeds, condemnation or expropriation awards, or other compensation.

(p) Tax Matters.

(i) All material Tax Returns required to be filed by the Seller or any of its Affiliates with respect to the Purchased Assets or the Assumed Liabilities have been timely filed (taking into account extensions).

(ii) All such Tax Returns were correct and complete in all material respects.

(iii) All Taxes due and payable (whether or not shown) on such Tax Return have been paid. During the last two (2) years, no Claim has been made by any taxing authority in a jurisdiction where the Seller or any of its Affiliates do not file Tax Returns that the Seller or any of its Affiliates is or may be subject to taxation by that jurisdiction with respect to the Purchased Assets or the Assumed Liabilities. Except as set forth in Section 4.1(p)(iii) of the Disclosure Letter, the Seller and its Affiliates have withheld and paid to the relevant taxing authority, in all material respects, all Taxes required to have been withheld and paid in connection with amounts paid or owing to any Employee, Independent Contractor, creditor, shareholder, or other third party, in each case relating to the Purchased Assets or the Assumed Liabilities.

(iv) As of the date of this Agreement, except as set forth in Section 4.1(p)(iv) of the Disclosure Letter, no administrative proceeding or judicial proceeding that involves a material amount of Tax and relates to the Purchased Assets or the Assumed Liabilities is pending or threatened in writing.

(v) None of the Purchased Assets represents an interest in United States real property for the purpose of Section 897 of the United States Internal Revenue Code.

(vi) The Seller is a registrant for purposes of Part IX of the ETA, under the registration number [•].

(q) Employee Benefits.

(i) Section 4.1(q)(i) of the Disclosure Letter sets forth a complete list of all Employees employed in the conduct of the business of the Seller as of the date hereof, including the following information for each such Employee: (i) title; (ii) status code (i.e., active or leave); (iii) category (i.e., part-time or full-time status); (iv) division; (v) location; (vi) seniority date; (vii) original hire date; (viii) years of service (including any prior years of service that are required to be recognized for any purpose); (ix) date of birth; (x) age; (xi) annual base salary; (xii) Province; (xiii) benefits eligible (yes/no); (xiv) bonus type; (xv) bonus amount percentage; (xvi) company vehicle allowance (monthly); (xvii) car allowance (monthly); (xviii) union/non-union; (xix) employment contract (yes/no); (xx) annual vacation entitlement (weeks); (xxi) if on leave, the status of such leave (including reason for leave and expected return date); and (xxii) the Employee Benefit Plans that each Employee participates in.

(ii) Section 4.1(q)(ii) of the Disclosure Letter sets forth a complete list of all consultants, independent contractors and independent sales agents (“Independent Contractors”) engaged by the Seller in the conduct of the business of the Seller in the

2014 calendar year to whom the Seller has paid at least \$50,000 in the 2014 calendar year, including the following information for each such Independent Contractor: (i) name; (ii) whether the Independent Contractor is providing services pursuant to a written contract; (iii) the term of any contract under clause (ii) above; (iv) notice, if any, required by the Seller to terminate the Independent Contractor without cause; (v) the date the Independent Contractor first commenced providing services to the Seller; and (vi) annual fees paid to the Independent Contractor for the prior calendar year.

(iii) Section 4.1(q)(iii) of the Disclosure Letter contains a true and complete list of each Employee Benefit Plan. Each Employee Benefit Plan is and has been established, registered (where applicable), administered, amended, funded and invested in accordance with its terms, in all material respects, and in compliance in all material respects with the applicable provisions of applicable Laws. All Seller and Employee premiums or contributions due or payable with respect to any Employee Benefit Plan, have been timely made in accordance with applicable Laws or remitted or paid in full or, to the extent not required to be made or remitted or paid on or before the date hereof, have been reflected on the Financial Statements, except as set forth in Section 4.1(q)(iii) of the Disclosure Letter. All Employee Benefit Plans (i) that are intended to qualify for special Tax treatment meet all material requirements for such treatment, and (ii) that are required to be funded and/or book-reserved are funded and/or book-reserved, as appropriate, based upon reasonable actuarial assumptions and in accordance with applicable Law.

(iv) The Seller has provided the Purchaser with complete and current copies of each Employee Benefit Plan, if written (or if not written, a written summary of its terms), including all Contracts relating thereto and the following documentation, as applicable: plan descriptions provided to Employees, the two (2) most recent annual information returns, the two (2) most recent financial statements or reports, the investment policy statements, and all material correspondence relating to the Employee Benefit Plans with any Governmental Authority during the past two (2) years.

(v) Except as set out in Section 4.1(q)(v) of the Disclosure Letter, each of the Employee Benefit Plans are either fully funded or fully insured and there are no unfunded Liabilities under any Employee Benefit Plan. None of the Pension Plans contains any “defined benefit provision,” as defined in the Income Tax Act (Canada).

(vi) The Seller has no formal plans and has made no promise or commitment, whether legally binding or not, to create any additional Employee Benefit Plans or to modify or improve the benefits under any existing Employee Benefit Plans.

(vii) None of the Employee Benefit Plans provide retiree health or life insurance benefits, other than voluntary life insurance that may be purchased by Employees at no cost to the Seller, except as set forth in Section 4.1(q)(vii) of the Disclosure Letter.

(viii) All Tax, annual reporting, and other governmental filings for Employee Benefit Plans required by Laws, if any, have been timely filed with the appropriate

Governmental Authority and all notices and disclosures have been timely provided to participants.

(ix) To the Knowledge of the Seller, no act or event has occurred which would result in the revocation of registration of any Employee Benefit Plan or which would entitle any Governmental Authority to order or require the termination or wind up of any Employee Benefit Plan, in whole or in part, or which could reasonably be expected to adversely affect the Tax status of any Employee Benefit Plan.

(x) All obligations of the Seller regarding the Employee Benefit Plans have been satisfied in all material respects. Neither the Seller, nor, to the Knowledge of the Seller, any Employee or fiduciary in respect of any Employee Benefit Plan, is or has been in breach of any statutory or fiduciary duty with respect to the administration or investment of any Employee Benefit Plan.

(xi) Except as set forth in Section 4.1(q)(xi) of the Disclosure Letter, there are no entities other than the Seller participating in any Employee Benefit Plan.

(xii) All data necessary to administer each Employee Benefit Plan is in the possession of the Seller or its respective agents and is in a form which is sufficient for the proper administration of the Employee Benefit Plans in accordance with their terms and all applicable Laws, and such data is complete and correct in all material respects.

(xiii) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (i) result in any payment becoming due, or increase the amount of any compensation or benefits due, to any current or former Employee of the Seller or with respect to any Employee Benefit Plan; (ii) increase any benefits otherwise payable under any Employee Benefit Plan; or (iii) result in the acceleration of the time of payment or vesting of any such compensation or benefits under an Employee Benefit Plan.

(xiv) The Seller has neither been, nor is now, a party to any contract with, commitment to, or collective agreement with any trade union, council of trade unions, employee bargaining agency, or affiliated bargaining agent (collectively, "Labour Representatives") and the Seller has not conducted negotiations with respect to any such future contracts, commitments, or collective agreements.

(xv) No Labour Representative holds bargaining rights with respect to any Employees, has applied to be certified as the bargaining agent of any Employee, or applied to have the Seller declared a related employer or successor employer pursuant to the *Labour Relations Act* (Ontario) or similar legislation in any other jurisdiction.

(xvi) The Seller has neither been, nor is now, engaged in any unfair labour practice nor, to the Knowledge of the Seller, is there any actual, threatened, or pending complaint regarding any unfair labour practice and there is not pending or existing, and there is not, to the Knowledge of the Seller, threatened, any strike, slowdown, picketing, work stoppage, or employee grievance process involving the Seller.

(xvii) Except as disclosed in Section 4.1(q)(xvii) of the Disclosure Letter, with respect to the Employees and former Employees of the Seller, (i) there has not been, there is not presently pending or existing, and there is not, to the Knowledge of the Seller, threatened any (I) prosecution, charge, grievance proceeding, suit, investigation or other claim against the Seller (or any director, officer, manager, or employee thereof) relating to the actual or alleged violation of any applicable Law pertaining to labour relations or employment matters, including any charge or complaint filed by an Employee or Labour Representative (or a spouse, beneficiary, or representative of any Employee or former Employee) with any applicable Governmental Authority (including pursuant to the Ontario *Human Rights Code*, the *Occupational Health & Safety Act* (Ontario), the *Workplace Safety and Insurance Act* (Ontario), the *Employment Standards Act, 2000* (Ontario), or the *Pay Equity Act* (Ontario)), or (II) suits, investigations, or other proceedings by any Governmental Authority relating to any Employee Benefit Plan and (ii) to the Knowledge of the Seller, no statement of facts exist which (after notice or lapse of time, or both) would reasonably be expected to give rise to any such prosecution, charge, grievance proceeding, suit, investigation, or claim. The Seller does not have a material claim, whether asserted or unasserted, against any of its Employees or former Employees.

(xviii) The Seller is and has been in compliance in all material respects with all applicable Laws relating to employment of labor, including all applicable Laws relating to wages, hours, overtime, collective bargaining, employment discrimination, civil rights, occupational health and safety, workers' compensation, pay equity, employment equity, classification of employees and Independent Contractors, and the collection and payment of withholding Taxes. The Seller does not have any material Liability, whether absolute or contingent, including any obligation under any Employee Benefit Plan, with respect to any misclassification of a person performing services for the Seller as an Independent Contractor rather than as an Employee.

(xix) No Employee or Independent Contractor is, to the Knowledge of the Seller, bound by any contract (including licenses, covenants or commitments of any nature) or subject to any judgment, decree or order of any Governmental Authority that would materially interfere with the use of such Person's best efforts to promote the interests of the Seller or that would materially conflict with the Seller's business as currently conducted.]

(r) Inventory. The inventory forming part of the Purchased Assets is of a quality and quantity usable and saleable in all material respects in the ordinary course and at an amount not less than the amounts carried in the Financial Statements, subject to Section 5.1(f).

(s) Corrupt Practices. Neither the Seller nor, to the Knowledge of the Seller, any Service Provider, has made any payment, directly or indirectly, on behalf of or for the benefit of the Seller or any of its Affiliates, in violation of any applicable Laws prohibiting the payment of undisclosed commissions or bonuses or the making of bribe or incentive payments or other arrangements of a similar nature with respect to the conduct of the business of the Seller, including the *Corruption of Foreign Public Officials Act* (Canada), and the Seller has instituted and maintains policies and procedures designed to ensure continued compliance with such laws.

(t) Investigation. The Seller has made diligence inquiries and searches for material documents and information relating to the Purchased Assets and for all information reasonably required to make the representations and warranties contained in this Agreement not misleading in light of the circumstances.

Section 4.2 Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Seller as follows:

(a) Organization. The Purchaser is duly organized, validly existing, and in good standing under the laws of its jurisdiction or organization and has all requisite power and authority to own, lease, and operate its properties and to carry on its business as now being conducted.

(b) Corporate Power and Authority. The Purchaser has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder (subject, in the case of the obligation to carry out the Transaction, to the entry of the Approval and Vesting Order). The execution, delivery, and performance by the Purchaser of this Agreement and the consummation of the Transaction have been duly and validly authorized by all requisite corporate action on the part of the Purchaser, and no other corporate proceeding on the part of the Purchaser is necessary to authorize this Agreement and to consummate the Transaction. This Agreement has been duly and validly executed and delivered by the Purchaser and (assuming the due authorization, execution, and delivery by all parties hereto and thereto, other than the Purchaser) constitutes (or will constitute) a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms (subject, in the case of the obligation to carry out the Transaction, to the entry of the Approval and Vesting Order).

(c) Approvals. The execution, delivery, and performance by the Purchaser of this Agreement does not, and the consummation by the Purchaser of the Transaction will not, require the Purchaser to make any filing with or give notice to, or obtain any Consent from, any Governmental Authority, other than the Approval and Vesting Order and government intellectual property offices to register assignments of Intellectual Property Rights, and other related documents.

(d) Brokers. The Purchaser has not incurred any Liability for brokerage or finders' fees or agents' commissions or other similar payment in connection with the Transaction that would be payable by the Seller.

(e) Investigation. The Purchaser acknowledges and affirms that it has completed its own independent investigation, analysis, and evaluation of the Purchased Assets, that it has made all such reviews and inspections of the Purchased Assets as it deems necessary and appropriate, and that, in making its decision to enter into this Agreement and consummate the Transaction, it has relied on its own investigation, analysis, and evaluation with respect to all matters, without reliance upon any express or implied representations or warranties, except as expressly set forth in this Agreement or the Support Agreement.

(f) GST/HST. On or before the Closing Date, the Purchaser shall be a registrant for purposes of Part IX of the ETA.

(g) Term Note and Purchaser Preferred Shares. On the Closing Date, each of the Term Note and the Purchaser Preferred Shares issued by the Purchaser to the Seller shall be free and clear of any claim, lien, charge, encumbrance or other adverse claim whatsoever.

ARTICLE V

COVENANTS

Section 5.1 Interim Covenants of the Seller. Between the date hereof and the Closing Date, except as required by this Agreement, any Order of the Court, or applicable Law, or with the prior written consent of the Purchaser, in its sole and absolute discretion, the Seller shall conduct the business of the Seller in the ordinary course of business consistent with past practice and shall:

(a) use commercially reasonable efforts to maintain the Permits and preserve the goodwill and business relationships of the business of the Seller, and cause the conditions in Section 6.1 to be satisfied;

(b) manage the Purchased Assets and the Assumed Liabilities in the ordinary course of business consistent with past practice, and not materially accelerate the collection of Accounts Receivable outside of the ordinary course of business consistent with past practice;

(c) (i) perform in all material respects all of its obligations under the Assumed Contracts, as and when such obligations become due; (ii) unless the Seller has provided five (5) Business Days' notice of same to the Purchaser and has not received objection to same, not grant (whether before or after the Designation Deadline) any material Consent under any Assumed Contracts (other than as expressly required by such Assumed Contracts or in the ordinary course of performing its obligations under such Assumed Contracts); and (iii) unless the Seller has provided five (5) Business Days' notice of same to the Purchaser and has not received objection to same, not modify, amend, or terminate in any material respect any Material Contract (other than as expressly required by such Material Contracts) or enter into any material Contract;

(d) comply with all applicable Laws in all material respects;

(e) maintain the Books and Records;

(f) not sell, pledge, assign, lease, license, or cause, permit, or suffer the imposition of any Encumbrance (other than Permitted Encumbrances) on, or otherwise dispose of, any of the Purchased Assets, other than (i) the sale or disposition of assets in the ordinary course of business consistent with past practices, (ii) the sale or disposition of assets that are obsolete or not otherwise used in the operation of the business of the Seller and are immaterial, in the aggregate, to the business of the Seller, (iii) pursuant to any Contract permitted under Section 5.1(i) hereof, or (iv) through a viable transaction (reasonably expected to close by the Outside Date) that provides for the payment in full of all amounts outstanding under the First Lien Credit Agreement contemporaneously with the closing of such transaction;

(g) not enter into a plan of compromise or arrangement, merger, share exchange, or reorganization with any Person or adopt a plan of complete or partial liquidation, other than in connection with a transaction that provides for the payment in full of all amounts outstanding under the First Lien Credit Agreement contemporaneously with the closing of such transaction;

(h) not authorize, declare, or pay any dividends on or make any distribution with respect to its outstanding shares (whether in cash, assets, shares, or other securities);

(i) except pursuant to obligations under existing Contracts, not enter into any Contract the effect of which would be to grant to a third party any license to use any Purchased Intellectual Property, in each case the effect of which would reasonably be expected to be adverse to the business of the Seller in any material respect or that is expected to involve aggregate payments in any twelve (12) month period of \$200,000 or more, unless the Seller has provided seven (7) Business Days' notice of same to the Purchaser and the Purchaser has not provided notice of objection to such action prior thereto;

(j) not enter in any (i) settlement agreement with a third party or Governmental Authority or (ii) consent decree with a Governmental Authority that, in either case, would require the payment by the Purchaser or any Affiliate thereof of any material funds after the Closing;

(k) not expend any insurance proceeds, condemnation or expropriation awards, or other compensation in respect of loss or damage to any Purchased Asset to the extent occurring after the date hereof but prior to the Closing Date, except, in each case, as is reasonably necessary to repair or replace such Purchased Asset in the ordinary course of business consistent with past practice;

(l) (i) not increase the compensation or benefits of the Service Providers, other than in the ordinary course of business and consistent with past practice or as required by Law (for the avoidance of doubt, an increase shall be in the ordinary course of business if it is not in excess of \$30,000 individually or \$150,000 in the aggregate, collectively, with all amounts paid pursuant to (ii) below), (ii) not pay any amounts or increase any amounts payable to the Service Providers not required by any current plan or agreement, other than in the ordinary course of business or as required by Law (for the avoidance of doubt, a payment or an increase shall be in the ordinary course of business provided that it is not in excess of \$30,000 individually or \$150,000 in the aggregate, collectively, with all amounts paid pursuant to (i) above), (iii) not become a party to, establish, materially amend, commence participation in, terminate, or commit itself to the adoption of any stock option plan or other stock-based compensation plan, compensation (including any employee co-investment fund), severance, pension, retirement, profit-sharing, welfare benefit, or other Employee Benefit Plan, (iv) not become party to any agreement or employment agreement with or for the benefit of any Service Provider (or newly hired employee) other than in the ordinary course of business or as required by Law, (iv) not accelerate the vesting of or lapsing of restrictions with respect to any stock-based compensation or other long-term incentive compensation, (v) not (x) hire any Service Provider, (y) terminate the employment of any Service Provider, or (z) promote any Service Provider, in each case other than in the ordinary course of business, (vi) not cause the funding of any trust or similar arrangement or take any action to fund or in any other way secure the payment of compensation

or benefits under any Employee Benefit Plan, and (vii) not materially change any actuarial or other assumptions used to calculate funding obligations with respect to any Employee Benefit Plan or change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP or applicable Law;

(m) not enter into any agreement (whether written or oral) to do any of the foregoing, or authorize or publicly announce an intention to do any of the foregoing;

(n) maintain the Owned Real Property in substantially the same repair and condition as same exist as of the date hereof, subject to ordinary, reasonable wear and tear, and make all required payments in respect of the Owned Real Property (whether in connection with any Property Taxes, or otherwise, as applicable); and

(o) not amend any previously filed Tax Returns or execute or amend any Tax election or submission, in each case that would result in an adverse tax effect on the Seller or the Purchaser.

Section 5.2 Closing Documents.

The Parties shall proceed diligently and in good faith to attempt to settle, on or before the Closing Date, or such earlier date as may be expressly set forth herein, the contents of all Closing Documents to be executed and delivered by the Seller and the Purchaser.

Section 5.3 Matters Requiring Notice.

(a) The Seller shall, promptly and in any event within two (2) Business Days of receipt thereof, provide to the Purchaser a copy of any written notices of any material breach or default that the Seller receives in respect of any Assumed Contract, any written notices that it receives with respect to any Permit from a Governmental Authority, or any written notices of a material breach or default under any Assumed Contract that the Seller sends to another Person, in each case after the date of this Agreement.

(b) The Seller, on the one hand, and the Purchaser, on the other hand, shall forthwith notify the other of:

(i) any notice or other communication received by the Seller, in the case of the Seller, or the Purchaser, in the case of the Purchaser, from any Person alleging that the Consent of such Person is or may be required in connection with the Transaction;

(ii) any inaccuracy of any representation or warranty of such Party contained in this Agreement at any time that would make such representation or warranty false in any material respect; and

(iii) any breach of any covenant or agreement of such Party contained in this Agreement at any time that is not cured within five (5) Business Days of such breach.

(c) Notwithstanding anything to the contrary in this Agreement, delivery of any notice pursuant to Section 5.3(b) and any access to or provision of information (including

pursuant to Section 5.4) shall not modify any of the representations, warranties, covenants, or agreements of the Parties (or rights or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

Section 5.4 Access to Information/Confidentiality/Preservation of Books and Records.

(a) Subject at all times to the Confidentiality Agreement, from the date hereof until the earlier of (i) termination of this Agreement and (ii) the Closing, the Purchaser shall be entitled, through its Representatives (including its legal and financial advisors and accountants), to make such investigation of the Seller, the Purchased Assets, and the Assumed Liabilities and such examination of the Books and Records as it reasonably requests, provided that any such investigation and examination shall be conducted upon reasonable advance notice and in such a manner as does not materially disrupt the conduct of the Seller's business, and to make extracts and copies of such Books and Records (which shall include making available to Purchaser monthly financial statements of the Seller prepared by the Seller in the ordinary course of the Seller's business within fourteen (14) Business Days from the end of each applicable month or in connection with the CCAA Proceedings as soon as reasonably practicable (and in any event within two (2) Business Days) following the preparation thereof). At least five (5) Business Days prior to the Closing, the Seller shall provide the Purchaser with a statement setting forth a reasonably detailed estimate of all trade payables incurred in the ordinary course of business consistent with past practice from the Most Recent Balance Sheet Date to the Closing Date and all liabilities in respect of the Assumed Contracts incurred in the ordinary course of business consistent with past practice from the Most Recent Balance Sheet Date to the Closing Date. Subject to the following sentence, the Seller shall use its commercially reasonable efforts to cause their Representatives to cooperate with the Purchaser and its Representatives in connection with such investigation and examination. Any confidential information provided to the Purchaser shall be deemed "Confidential Information" under and as defined in the Confidentiality Agreement and shall be subject to the terms thereof. From the date hereof and until twelve (12) months following termination of this Agreement, the Purchaser hereby agrees to comply, and to direct its Representatives to comply, with the Confidentiality Agreement in accordance with its terms and to be bound by the terms of the Confidentiality Agreement and will remain bound thereby notwithstanding any termination of the Support Agreement. Upon any termination of this Agreement, the Purchaser shall, and shall cause its Representatives to, return or destroy, to the extent not unduly burdensome, any confidential information provided in connection with this Agreement.

(b) Subject to the occurrence of the Closing, the Seller shall, and shall cause its Representatives to, keep confidential and not disclose to any party any Confidential Information, unless (i) required by Law or the CCAA Proceedings, (ii) in compliance with a request or requirement of a Governmental Authority, (iii) such Confidential Information is generally available to the public at the time of such disclosure, other than as a result of a breach of this Section 5.4 by the Seller or its Representatives, or (iv) consented to in advance in writing by the Purchaser, in its sole and absolute discretion; provided that, in the case of (i) or (ii), the Seller shall, to the extent not legally prohibited, provide the Purchaser with prompt written notice of such request or requirement so the Purchaser may seek a protective order or other appropriate remedy. If a protective order or other remedy is not obtained and disclosure is required, the Seller and its Representatives shall (A) disclose such information only to the extent required in

the opinion of outside counsel and (B) give advance notice to the Purchaser of the information to be actually disclosed as far in advance as is reasonably possible. In any such event, the Seller shall use commercially reasonable efforts, at no cost to the Seller, to ensure that all Confidential Information that is so disclosed is accorded confidential treatment by the recipient thereof.

(c) The Seller shall, when practicable and in any event on or prior to June 30, 2015 (or such later date as may be agreed to by the Seller and the Purchaser), provide the Purchaser with the audited consolidated balance sheets, and the related consolidated statements of operations, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows, of the Seller as of and for the fiscal year ended March 31, 2015, together with the notes thereto, which financial statements shall have been prepared in accordance with Accounting Standards for Private Enterprises (except that these financial statements will be prepared on a going concern basis) and the Seller's accounting policies and practices consistently applied throughout the periods included therein. The Parties agree that, without the prior consent of the auditor, such financial statements are special purpose financial statements prepared solely for the purposes of this Agreement for the Seller and the Purchaser and shall not be disclosed to any other Person.

Section 5.5 Use of Name.

(a) Subject to the occurrence of the Closing, from and after the Closing Date, the Seller will cease its operations and will not engage in any competitive business whatsoever, directly or indirectly, except for matters required by Law, the Court or the CCAA or relating to the CCAA Proceedings, including selling Excluded Assets, notifying customers, vendors and suppliers of the sale of the business, ministerial matters not related to the business of the Seller, and enforcing its rights and performing its obligations under this Agreement. The Purchaser acknowledges and agrees that, notwithstanding anything contained herein, the Seller maintains the right to dissolve, wind up or otherwise cease operations in any manner or at any time subsequent to the Closing Date as it may determine in its sole discretion, subject to the satisfaction of its obligations under this Agreement.

(b) As soon as reasonably practicable after the Closing (and in no event later than five (5) Business Days after the Closing), the Seller shall, and shall cause Nelson Holdings to, take all reasonably necessary action to change its name to a name that does not contain the words "Nelson" or "Education" and will, and will cause Nelson Holdings to, file such documents as are necessary to reflect such name change in each province in which the Seller and/or Nelson Holdings is incorporated or qualified to do business as a foreign entity. The Seller agrees to promptly notify the Purchaser of such name change and the names chosen by the Seller. Notwithstanding the foregoing, the Seller may refer to "Nelson Education" as a former name, including for legal and noticing purposes in the CCAA Proceedings, the winding down of the affairs of the Seller, or as otherwise required by applicable Law.

Section 5.6 Transition Services/Access of Seller to Records.

(a) The Purchaser shall provide the Seller with administrative services relating to any winding-up undertaken by the Seller and the CCAA Proceedings, record keeping, financial, tax and other reporting obligations, and other similar administrative services as reasonably requested

by the Seller or its agents or advisors (the “Transition Services”) until 18 months from the Closing Date at no cost other than reimbursement of documented and invoiced reasonable third party costs incurred by the Purchaser in performing the Transition Services. Notwithstanding the foregoing, in no event shall the Purchaser be required to go out of pocket for any costs incurred in connection with the Transition Services, and the Transition Services shall not unreasonably interfere with the Purchaser’s employees in the performance of their duties or the Purchaser’s operation of its business.

(b) Subject to appropriate confidentiality provisions no less stringent than those included in the Confidentiality Agreement, the Seller shall, for a period of six (6) years from the Closing Date, have access to, and the right to copy, at its expense, for bona fide business purposes and for purposes of the CCAA Proceedings, and during usual and business hours, upon reasonable prior notice to the Purchaser, the Books and Records relating to the Seller’s business, the Purchased Assets and the Assumed Liabilities, excluding Books and Records created after the Closing. Notwithstanding anything to the contrary in this Agreement, the Purchaser shall not be required to provide any such access or disclose any such information to the Seller if such disclosure would (i) jeopardize any attorney-client or other legal privilege or (ii) contravene any applicable Laws, fiduciary duty, or binding confidentiality agreement entered into prior to the date hereof (but shall use commercially reasonable efforts to provide the Seller with alternative disclosure sufficient to convey the economic effect of the matter). The Purchaser shall retain and preserve all such Books and Records for such six (6) year period.

Section 5.7 Disclaimer of Warranties. Notwithstanding anything contained in this Agreement, it is the explicit intent of each Party that the Seller is not making any representation or warranty, express or implied, beyond those expressly given in Section 4.1 or contained in any other Closing Document or the Support Agreement, and it is understood that, except for such representations and warranties, the Purchaser and any Purchaser Designee take the Purchased Assets “as is” and “where is.” Without limiting the generality of the immediately foregoing, except for the representations and warranties specifically contained in Section 4.1 or in any other Closing Document or the Support Agreement, the Seller hereby expressly disclaims and negates any representation or warranty, express or implied, at common law, by statute, or otherwise, relating to the condition of the assets of the Seller; it being the intention of the Parties that the Purchased Assets are to be accepted by the Purchaser and any Purchaser Designee in their present condition and state of repair.

Section 5.8 Required Approvals.

(a) Prior to the Closing, upon the terms and subject to the conditions of this Agreement, and except as contemplated by this Agreement, the Parties shall use their commercially reasonable efforts to coordinate, cooperate and take, or cause to be taken, all commercially reasonable actions, and to do, or cause to be done, all things commercially reasonable (subject to any applicable Laws) to consummate the Closing and the Transaction as promptly as reasonably practicable, including (i) the preparation and filing of all forms, registrations and notices required pursuant to applicable Law to be filed to consummate the Closing and the Transaction or in respect of the CCAA Proceedings, (ii) the determination of whether any action by or in respect of, or filing with, any Governmental Authority is required in connection with the Transaction, and (iii) the taking of such actions or making any such filings

as are commercially reasonable to obtain any requisite approvals, authorizations, Consents, releases, orders, licenses, Permits, qualifications, exemptions, or waivers by any third party or Governmental Authority. In furtherance of the foregoing, the Parties agree that, as promptly as reasonably practicable following the execution of this Agreement, the Parties shall (i) make all filings required under any applicable Law, including pre-merger notification rules in any jurisdiction in which the Parties agree applicable Law requires a pre-merger notification filing (which filing shall be made promptly following such determination); and (ii) to comply at the earliest practical date with any request by a Governmental Authority for additional information, documents or other materials in respect of such filings, whether such request is formal or informal. Subject to applicable Law, each such Party shall promptly inform the other Party hereto of any oral communication with any Governmental Authority regarding any such filings or otherwise and each Party shall provide the other Party with a reasonable opportunity as practicable in the circumstances to review and comment on such agreements, documents, and filings, and any amendment or supplement thereto, and any response by such Party to any Governmental Authority with respect thereto, prior to filing such with or transmitting such to the relevant Governmental Authority, and will promptly provide the other Party with a copy of all such filings or transmittals made with the relevant Governmental Authority. No Party shall independently participate in any substantive meeting or discussion, either in person, by telephone, or by electronic means, with any Governmental Authority in respect of any such filings, investigation, or other inquiry regarding the Transaction without giving the other Parties hereto prior notice of the meeting and, to the extent permitted by such Governmental Authority, the opportunity to attend and/or participate. Subject to applicable Law, the Parties will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions, and proposals made or submitted by or on behalf of any Party hereto with respect to the Transaction relating to proceedings under any applicable Law. The Seller shall be responsible for and shall pay all fees in respect of any required pre-merger notification filings.

(b) The Parties shall use their best efforts to take all reasonable steps as may be commercially reasonable to obtain an approval from, to resolve any objection or assertion by, or to resolve an action or proceeding by any Governmental Authority, whether by judicial or administrative action, challenging this Agreement or the consummation of the Transaction or the performance of obligations hereunder under any applicable Law. Notwithstanding the foregoing, the Purchaser will not be obligated to commit to the divestiture of any assets or business of the Purchaser (or any Affiliate of the Purchaser) or any Purchased Assets, or to any commercially unreasonable limitations on the conduct of its business or in respect of any of the Purchased Assets.

Section 5.9 Publicity. Except as otherwise provided herein or required by applicable Law (including any Order by the Court) or filings by the Seller with, or in any proceeding before, the Court, neither Party, to the extent reasonably practicable, shall issue any press release, provide notice to any customers or suppliers, or make any public announcement concerning this Agreement or the Transaction without the other Party's consent, not to be unreasonably withheld, delayed, or conditioned; provided that, after Closing, the Purchaser may communicate in any way with Transferred Employees, clients, vendors, suppliers, and customers. Notwithstanding the foregoing, the Seller may provide notice to or advise its clients, vendors, suppliers, and customers in respect of the Agreement or the Transaction so long as such

notice or advice is consistent with press releases, public announcements, or other communications previously approved by the parties, and the Seller shall use best efforts to advise the Purchaser in advance of any such communications.

Section 5.10 Certain Matters Relating to Canadian Employees.

(a) The Purchaser and/or, as applicable, one or more Purchaser Designees shall, at least five (5) calendar days prior to the Closing Date, offer to employ, on and after the Closing Date, all the Employees of the Seller listed on Section 4.1(q)(i) of the Disclosure Letter and all Employees hired by the Seller after the date hereof in accordance with Section 5.1 on terms and conditions of employment that are, unless otherwise agreed to in an employment agreement entered into pursuant to Section 6.1(h) below, substantially the same in the aggregate as the terms and conditions relating to their employment on the day immediately preceding the Closing Date, save and except recognition of prior service which will be in accordance with Section 5.10(f). At least ten (10) calendar days prior the Closing Date, the Seller shall provide the Purchaser and/or, as applicable, one or more Purchaser Designees with the names of the Employees of the Seller listed on Section 4.1(q)(i) of the Disclosure Letter and all Employees hired by the Seller after the date hereof in accordance with Section 5.1 to enable the Purchaser and/or, as applicable, one or more Purchaser Designees to make the offers in the previous sentence.

(b) Each Employee who accepts an offer of employment from the Purchaser or a Purchaser Designee and is hired by the Purchaser or a Purchaser Designee is referred to herein as a "Transferred Employee."

(c) Notwithstanding Section 5.10(a), nothing herein expressed or implied shall confer upon any of the Employees of the Seller or any Transferred Employees any right to employment or continued employment for any specified period, of any nature or kind whatsoever under or by reason of this Agreement.

(d) Effective upon the Closing Date, the Seller hereby waives, for the benefit of the Purchaser and its Affiliates only, any and all restrictions in any Employee Benefit Plan or Contract relating to (i) non-competition with the Seller, (ii) non-solicitation of the Seller's Employees or customers, or (iii) maintenance of confidentiality of any information for the benefit of the Seller, in each case, with or covering any Transferred Employee.

(e) Without limiting the scope of Excluded Liabilities under Section 2.7(g), other than under Section 2.5(d) and Section 2.6(c), the Seller will continue to be responsible for all obligations and liabilities for wages, salary, incentive compensation, bonuses, severance pay, termination pay, notice of termination of employment or pay in lieu of such notice, damages for wrongful dismissal or other employee benefits or claims for any Employee who does not accept an offer of employment pursuant to Section 5.10(a) and does not become a Transferred Employee.

(f) The Purchaser shall grant or cause to be granted to all Transferred Employees credit after the Closing Date for all service with the Seller for all purposes, including for purposes of participation and vesting under any employee benefit or compensation plans,

programs, agreements or arrangements maintained by the Purchaser or any of its Affiliates for the benefit of such Transferred Employees and for purposes of determining entitlements to termination and severance payments for such Transferred Employees; provided that the foregoing shall not apply (i) with respect to benefit accrual under any defined benefit pension plan or (ii) to the extent that its application would result in a duplication of benefits with respect to the same period of service.

(g) Subject to applicable Laws, the Seller shall cooperate with the Purchaser and shall permit the Purchaser and/or, as applicable, one or more Purchaser Designees reasonable access during normal business hours prior to the Closing Date (i) subject to the prior agreement of the Seller's chief executive officer, to meet with Employees at such times as the Purchaser or a Purchaser Designee shall reasonably request, (ii) subject to any restrictions imposed under applicable Law and to the prior agreement of the Seller's chief executive officer, to speak with such Employees' managers and supervisors (in each case with appropriate authorizations and releases from such Employees) who are to receive an offer of employment by the Purchaser or a Purchaser Designee, (iii) to distribute to such Employees such forms and other documents relating to potential employment by the Purchaser or a Purchaser Designee after the Closing, and (iv) subject to any restrictions imposed under applicable Law and to the prior agreement of the Seller's chief executive officer, to permit the Purchaser, upon request, to review personnel files and other relevant employment information regarding such Employees with appropriate authorizations and releases from such Employees.

(h) Following the Closing, the Seller and the Purchaser shall cooperate reasonably with each other to provide an orderly administrative transition to the Purchaser and/or, as applicable, one or more Purchaser Designees of the Transferred Employees, including the provision by the Seller to the Purchaser of all necessary or appropriate Books and Records with respect to each Transferred Employee.

(i) For the avoidance of doubt, the Seller will not seek to recover from any Transferred Employee any retention payments previously paid to any such Transferred Employee.

(j) This Section 5.10 shall be binding upon and inure solely to the benefit of each of the Parties, and nothing in this Section 5.10, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 5.10. Without limiting the foregoing, no provision of this Section 5.10 will create any third-party beneficiary rights in any Employee or former Employee of the Seller or any Transferred Employees in respect of continued employment (or resumed employment) or any other matter. Nothing in this Section 5.10 is intended to interfere with the Purchaser's or any of its Affiliate's right from and after the Closing to amend or terminate any Employee Benefit Plan or the employment of any Transferred Employee.

Section 5.11 Insurance Obligations.

(a) Prior to the Closing, the Seller shall use commercially reasonable efforts to cause the insurance policies identified for assignment in Section 5.11(a) of the Disclosure Letter to be assigned to the Purchaser and obtain any consents required in respect thereof. In the event the

Seller is unable, despite the Seller's commercially reasonable efforts, to assign one or more of such policies to the Purchaser, the Seller shall use commercially reasonable efforts to cause the Purchaser to be named as an additional insured and loss payee on each such policy. Notwithstanding anything to the contrary contained herein, the Seller will not cancel, terminate or otherwise impair any such insurance policy (other than, in respect of any occurrence based policy with a policy period expiring after the Closing, a termination of any portion of the policy period occurring on or after the Closing), and, in the event that any such policy is so terminated, cancelled or otherwise impaired by the Seller, any Liability which would have otherwise been covered under such policy shall not be an Assumed Liability and instead shall be an Excluded Liability.

(b) In the event that the Seller succeeds in assigning one or more of the insurance policies identified for assignment in Section 5.11(a) hereof to the Purchaser, the Purchaser shall cause the Seller to be named as an additional insured and loss payee on each such policy concurrently with the effectiveness of such assignment. Notwithstanding anything to the contrary contained herein, the Purchaser will not cancel, terminate or otherwise impair any such transferred insurance policy (other than, in respect of any occurrence based policy with a policy period expiring after the Closing, a termination of any portion of the policy period occurring on or after the Closing), and, in the event that any such policy is so terminated, cancelled or otherwise impaired by the Purchaser, any Liability which would have otherwise been covered under such policy shall be treated as an Assumed Liability hereunder.

Section 5.12 Release. Notwithstanding any other provisions of this Agreement, effective as of the Closing Date, each of the Parties on behalf of itself and its Affiliates does hereby forever release and discharge the other Party hereto, its Affiliates, the Secured Lenders, and each of the foregoing's respective present and former direct and indirect shareholders, officers, directors, employees, auditors, advisors (including, without limitation, financial advisors), legal counsel and agents (collectively, the "Released Parties") from any and all present and future demands, claims, liabilities, actions, cause of action, counterclaims, suits, damages, judgments, executions, debts, sums of money, accounts, indebtedness, liens and obligations of whatever nature (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or not yet due) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Closing Date in connection with the Seller, the Seller's business, this Agreement, the Transaction, the Support Agreement, or the First Lien Credit Agreement (provided that such release, solely with respect to the First Lien Credit Agreement, the related security documents and any document ancillary thereto, will be effective immediately following the Settlement Time (as defined in the Payment and Settlement Agreement)) or the transactions contemplated thereby; provided, however, that (i) the Released Parties shall not include Cengage Learning Inc. or any of its Affiliates, other than any Affiliates of Cengage Learning Inc. that are also present or former direct or indirect shareholders of the Seller which shall each be Released Parties, (ii) the Released Parties shall not be released from or in respect of their respective obligations under this Agreement, the Support Agreement, the Newco First Lien Credit Agreement, the Payment and Settlement Agreement, the Indemnification Agreements or any document ancillary to any of the foregoing, and (iii) in no event shall the release set forth in this Section 5.12 apply to any claims, losses, suits, demands, actions, causes of action, rights, costs, fees, expenses, judgments, damages, obligations, lawsuits and liabilities to the extent such claims, losses, suits, demands,

actions, causes of action, rights, costs, fees, expenses, judgments, damages, obligations, lawsuits and liabilities are a result of any fraud, as adjudged by the express terms of a judgment rendered on a final non-appealable determination on the merits by a court of competent jurisdiction. Notwithstanding anything contained in the foregoing, no Affiliate of Cengage Learning Inc. shall be released from any claims, losses, suits, demands, actions, causes of action, rights, costs, fees, expenses, judgments, damages, obligations, lawsuits or liabilities based in whole or in part on any steps or actions taken or omissions in its capacity as a direct or indirect shareholder of Cengage Learning Inc. in respect of any matters relating to any contractual arrangements between the Seller and Cengage Learning Inc.

Section 5.13 Service List. The Seller shall, at least three (3) Business Days prior to serving its motion in support of the Approval and Vesting Order, provide the Purchaser's counsel with a copy of the service list to be used for the motion. The Purchaser's counsel shall be entitled to make any additions thereto, acting reasonably.

ARTICLE VI

CONDITIONS TO CLOSING

Section 6.1 Conditions for the Purchaser. The obligation of the Purchaser to consummate the Closing is subject to the satisfaction or waiver in writing by the Purchaser, at or before the Closing, of each of the following conditions:

(a) The Support Agreement shall not have been terminated in accordance with its terms;

(b) All of the covenants and agreements in this Agreement and the Support Agreement to be complied with or performed by the Seller on or before the Closing Date shall have been complied with and performed in all material respects (without giving effect to any limitation as to materiality set forth therein), and all conditions in this Agreement and the Support Agreement shall have been satisfied or waived in accordance with the terms of this Agreement or the Support Agreement, as applicable;

(c) The representations and warranties of the Seller (1) set forth in Section 4.1(a) (Organization, Corporate Power, Qualification, and Subsidiaries), Section 4.1(b) (Authorization of Agreements, Enforceability, No Conflicts, Etc.), Section 4.1(d) (Sufficiency of Assets) and Section 4.1(l) (Brokers) hereof shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as if made on the Closing Date (except for any representation or warranty made as of a specified date, which shall be true and correct in all respects as of such specified date) and (2) set forth in Section 4.1, other than those described in the immediately preceding clause (1), shall be true and correct except as would not individually or in the aggregate constitute, or be reasonably likely to result in, a Material Adverse Effect (without giving effect to any limitation as to materiality set forth therein) as of the date of this Agreement and as of the Closing Date as if made on the Closing Date (except for any representation or warranty made as of a specified date, which shall be true and correct except as would not individually or in the aggregate constitute, or be reasonably likely to result in, a

Material Adverse Effect (without giving effect to any limitation as to materiality set forth therein) as of such specified date);

(d) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any applicable Law (including any Order) that is in effect and has the effect of making the Transaction illegal or otherwise restraining or prohibiting consummation of the Transaction and which is not satisfied or resolved or pre-empted by the Approval and Vesting Order;

(e) The Court shall have entered the Approval and Vesting Order, and such Approval and Vesting Order (i) shall have become final and non-appealable, (ii) shall not have been stayed as of the Closing Date, stayed pending appeal, or vacated and (iii) shall not be amended, supplemented, or otherwise modified in a manner not acceptable to the Majority Initial Consenting First Lien Lenders;

(f) All requisite clearances or approvals under any antitrust, foreign investment, or trade regulation laws shall have been obtained;

(g) All clearances or approvals set forth on Section 6.1(g) of the Disclosure Letter shall have been obtained;

(h) Each of the management employees set forth on Section 6.1(h) of the Disclosure Letter shall have duly executed and delivered to the Purchaser an employment agreement, in form acceptable to the Majority Initial Consenting First Lien Lenders and the applicable management employee;

(i) The Seller shall have (i) conveyed to the Purchaser and/or, as applicable, one or more Purchaser Designees, the Owned Real Property, and (ii) assigned to the Purchaser and/or, as applicable, one or more Purchaser Designees, all of the Assumed Contracts (other than any contract that, in the opinion of the Purchaser, is not material to the Seller), in each case in accordance with the terms of the applicable Contracts, pursuant to Section 11.3 of the CCAA, the Approval and Vesting Order, or other order of the Court in form and substance satisfactory to the Majority Initial Consenting First Lien Lenders, or as otherwise acceptable to the Purchaser.

(j) Since the date of this Agreement, no Material Adverse Effect shall have occurred and be continuing;

(k) The Seller shall have approved and delivered to the Supplemental Agent a copy of the Payment and Settlement Agreement, duly executed by the Seller; and

(l) The deliveries described in Section 7.2 shall have been made.

Section 6.2 Conditions for the Seller. The obligations of the Seller to consummate the Closing are subject to the satisfaction or waiver in writing by the Seller, at or before the Closing, of each of the following conditions:

(a) The Support Agreement shall not have been terminated in accordance with its terms;

(b) All of the covenants and agreements in this Agreement and the Support Agreement to be complied with or performed by the Purchaser or the Consenting First Lien Lenders, as applicable, on or before the Closing Date shall have been complied with and performed in all material respects (without giving effect to any limitation as to materiality set forth therein), and all conditions in this Agreement and the Support Agreement shall have been satisfied or waived in accordance with the terms of this Agreement or the Support Agreement, as applicable;

(c) The representations and warranties of the Purchaser set forth in Section 4.2 shall be true and correct in all material respects (without giving effect to any limitation as to materiality set forth therein), in each case, as of the date of this Agreement and as of the Closing Date as if made on the Closing Date (except for any representation or warranty made as of a specified date, which shall be true and correct in all material respects (without giving effect to any limitation as to materiality set forth therein) as of such specified date);

(d) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced, or entered any applicable Law (including any Order) that is in effect and has the effect of making the Transaction illegal or otherwise restraining or prohibiting consummation of the Transaction and which is not satisfied or resolved or pre-empted by the Approval and Vesting Order;

(e) The Court shall have entered the Approval and Vesting Order, and such Approval and Vesting Order (i) shall have become final and non-appealable, (ii) shall not have been stayed, stayed pending appeal, or vacated and (iii) shall not have been amended, supplemented, or otherwise modified in a manner that results in such Approval and Vesting Order no longer being in form and substance reasonably satisfactory to the Seller;

(f) All requisite clearances or approvals under any antitrust, foreign investment, or trade regulation laws and set forth on Section 6.2(f) of the Disclosure Letter shall have been obtained;

(g) The Supplemental Agent shall have approved the Payment and Settlement Agreement, subject to the Closing of the Transaction; and

(h) The deliveries described in Section 7.3 shall have been made.

ARTICLE VII

CLOSING

Section 7.1 Closing Arrangements. The consummation of the Transaction (the “Closing”) shall take place at 10:00 a.m. on the third (3rd) Business Day following the date on which all of the conditions set forth in Article VI have been satisfied or waived (other than any conditions that can only be satisfied as of the Closing, but subject to the satisfaction or waiver of such conditions) or such other time and date as may be mutually agreed to by the Parties (the “Closing Date”), at the offices of Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, ON M5H 2S7, or at such other place as may be mutually agreed to by the Parties.

Section 7.2 Seller's Deliveries. On or before the Closing Date, the Seller shall deliver or cause to be delivered the following items and documents to the Purchaser, with each such document to be effective as of the Closing:

(a) a certificate executed on behalf of the Seller representing and certifying that the conditions set forth in Section 6.1(b) and Section 6.1(c) have been fulfilled;

(b) the Cash and Cash Equivalents, net of the Cash Reserve, by wire transfer of immediately available funds to such accounts as are designated by the Purchaser two (2) Business Days prior to the Closing;

(c) the Bill of Sale, duly executed by the Seller;

(d) the Assignment of Intangible Property, duly executed by the Seller;

(e) the Assignment and Assumption Agreement, duly executed by the Seller;

(f) duly executed copies of all consents and approvals required to be obtained by the Seller hereunder as set forth on Section 7.2(f) of the Disclosure Letter, in form and substance reasonably satisfactory to the Purchaser; and

(g) such documents, instruments or information to the Title Company and to the Purchaser reasonably required in order to insure title to the Owned Real Property, to cause the Title Company to issue endorsements to the title policy or policies insuring title to the Owned Real Property;

(h) one (1) certified copy of the Approval and Vesting Order entered by the Court; and

(i) each other agreement or document to be executed, filed, or delivered in connection with the CCAA Proceedings necessary to consummate the transactions contemplated hereby, in form and substance reasonably satisfactory to the Purchaser.

Section 7.3 Purchaser's Deliveries. On or before the Closing Date, the Purchaser shall deliver or cause to be delivered the Purchase Price and the following items and documents to the Seller, with each such document to be effective as of the Closing:

(a) a certificate executed on behalf of the Purchaser representing and certifying that the conditions set forth in Section 6.2(b) and Section 6.2(c) have been fulfilled;

(b) the Bill of Sale, duly executed by the Purchaser;

(c) the Assignment of Intangible Property, duly executed by the Purchaser and/or, as applicable, one or more Purchaser Designees;

(d) the Assignment and Assumption Agreement, duly executed by the Purchaser and/or, as applicable, one or more Purchaser Designees;

- (e) the Newco First Lien Credit Agreement, duly executed by the Purchaser;
- (f) the Term Note in the principal amount of US\$200,000,000 in favour of the Seller, duly executed by the Purchaser;
- (g) a share certificate representing the Purchaser Preferred Shares in the name of the Seller, duly executed by the Purchaser; and
- (h) the Indemnification Agreements, duly executed by the Purchaser and/or, as applicable, one or more Purchaser Designees.

Section 7.4 Tax Matters.

(a) The Purchaser shall pay and shall be responsible for all federal, provincial and municipal Transfer Taxes, if any, occasioned by the conveyance of the Owned Real Property and the Purchased Assets from the Seller to the Purchaser and, as applicable, one or more Purchaser Designees, including any notarial fees incurred in connection therewith; provided, however, that (i) the Parties shall reasonably cooperate in availing themselves of any available exemptions from any such Transfer Taxes, and (ii) the Purchaser shall pay and shall be responsible for all other costs, fees, and expenses associated with the Transfer Taxes, notarial fees, and other costs, fees, and expenses described in this sentence (the “Transfer Costs”). The Purchaser shall be responsible for the preparation and filing of all Tax Returns relating to Transfer Taxes.

(b) The Seller and the Purchaser shall, as soon as possible after the Closing, jointly execute and file an election under Section 22 of the Tax Act and equivalent provisions of any applicable provincial or territorial regulation in respect of the sale of the Accounts Receivable and other assets that are described in Section 22 of the Tax Act and shall designate therein the applicable portion of the Purchase Price as the consideration paid by the Purchaser therefor (as determined in accordance with Section 7.4(b) of the Purchaser Schedule). The Parties shall each file such election with the Canada Revenue Agency forthwith after execution thereof (and, in any event, with their respective tax returns for the year of sale) to make such election.

(c) The Seller and the Purchaser shall, as soon as possible after the Closing, jointly make the election under Subsection 167(1) of Part IX of the ETA, in prescribed form and containing the prescribed information, and under the corresponding provisions of any applicable provincial legislation imposing a value-added or transfer tax, in order to exempt the purchase of the Purchased Assets by the Purchaser from the harmonized sales tax or any provincial value-added or transfer tax, and shall file each such joint election in compliance with the requirements of the ETA and the corresponding provisions of any application provincial legislation, as applicable.

(d) The Purchase Price and the Closing Date Assumed Liabilities shall be allocated among the Purchased Assets as set forth on Section 7.4(d) of the Disclosure Letter, including the allocations set forth in Section 7.4(b) of the Purchaser Schedule (collectively, the “Allocation Schedule”). Except to the extent otherwise required by Law, neither the Seller nor the Purchaser shall take, or shall permit any of its Affiliates to take, a Tax position (whether on a Tax Return or otherwise) that is inconsistent with the allocation reflected in the Allocation Schedule.

(e) The Purchaser shall be responsible for any Property Taxes (including any special or supplemental assessments) with respect to any Purchased Asset allocable to any taxable period; provided that neither the Purchaser nor any Purchaser Designee shall be required to make any payment with respect to prepaid Property Taxes described in Section 2.1(h).

(f) The Purchaser and the Seller shall furnish or cause to be furnished to each other, as promptly as reasonably practicable, such information in their possession and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund, or other filings relating to Tax matters, or in connection with any Tax audit or other Tax proceeding.

Section 7.5 Cash Reserve. The Seller shall deliver to the Purchaser, within three (3) Business Days by wire transfer of immediately available funds to such accounts as are designated by the Purchaser, any funds remaining in the Cash Reserve on the earlier of (i) 18 months after the Closing Date and (ii) the date the administration of the Seller's wind-down is completed.

Section 7.6 Post-Closing Deliveries. Not later than fifteen (15) Business Days following the Closing Date, the Seller shall deliver, or cause to be delivered, to the Purchaser the Closing Date Balance Sheet, together with a notice setting out the amount of the Closing Date Assumed Liabilities, which notice and Closing Date Balance Sheet shall form the basis of the Purchase Price allocation referred to in Section 7.4(d).

ARTICLE VIII

TERMINATION OF AGREEMENT

Section 8.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of the Seller and the Purchaser, in each Party's sole and absolute discretion;

(b) by the Purchaser, if the Closing has not occurred on or prior to the Outside Date; provided that the failure of the Closing to occur on or prior to the Outside Date is not a result of or caused by the Purchaser's material breach of this Agreement;

(c) by the Purchaser, in the event (1) of any inaccuracy in any of the Seller's representations or warranties contained in this Agreement or any breach of any of the Seller's covenants or agreements contained in this Agreement which, individually or in the aggregate with all other such inaccuracies and breaches, (i) would result in a failure of a condition set forth in Section 6.1 and (ii) is either incapable of being cured or, if capable of being cured, is not cured in all material respects within the earlier of (x) five (5) calendar days after written notice thereof and (y) the Outside Date; provided that the Purchaser shall not have the right to terminate this Agreement under this Section 8.1(c) at a time when the Seller has (or would have after the passage of time) the right to terminate this Agreement under Section 8.1(d) or (2) since the date of this Agreement, a Material Adverse Effect (as determined on the date of such termination) shall have occurred and be continuing;

(d) by the Seller, in the event of any inaccuracy in any of the Purchaser's representations or warranties contained in this Agreement or any breach of any of the Purchaser's covenants or agreements contained in this Agreement which, individually or in the aggregate with all other such inaccuracies and breaches, (i) would result in a failure of a condition set forth in Section 6.2 and (ii) is either incapable of being cured or, if capable of being cured, is not cured in all material respects within the earlier of (x) five (5) calendar days after written notice thereof and (y) the Outside Date; provided that the Seller shall not have the right to terminate this Agreement under this Section 8.1(d) at a time when the Purchaser has (or would have after the passage of time) the right to terminate this Agreement under Section 8.1(c);

(e) by the Purchaser, if the Seller shall fail to file the application for the Initial Order within two (2) Business Days of the date of this Agreement;

(f) by the Purchaser, if the Approval and Vesting Order has not been granted on or prior to the tenth (10th) calendar day after the Filing Date;

(g) by either the Seller or the Purchaser, if a Governmental Authority of competent jurisdiction shall have issued a final Order or taken any other final, non-appealable action, in each case, having the effect of permanently making the Transaction illegal or otherwise permanently restraining or prohibiting consummation of the Transaction;

(h) by either the Seller or the Purchaser, if the Support Agreement is terminated in accordance with the terms thereof; and

(i) by the Seller or the Purchaser if the Seller repays all amounts outstanding under the First Lien Credit Agreement and all Transaction Expenses prior to the completion of the Transaction.

Section 8.2 Effect of Termination.

(a) In the event of any termination of this Agreement pursuant to Section 8.1, this Agreement (other than the provisions set forth in this Section 8.2, Section 8.3 and ARTICLE IX) shall forthwith become null and void and be deemed of no further force and effect. Subject to the provisions set forth in the preceding sentence, there shall be no liability or obligation thereafter on the part of any Party, except for fraud or arising out of the willful breach of any provision of this Agreement prior to such termination. Notwithstanding anything contained herein to the contrary, the termination of this Agreement shall not affect the rights or obligations of the Parties under the Confidentiality Agreement.

Section 8.3 Expense Reimbursement; Seller Remedies.

(a) The Seller will pay, or cause to be paid, to the Purchaser the Transaction Expenses, net of any applicable withholdings, if this Agreement is terminated pursuant to Section 8.1(a), Section 8.1(b), Section 8.1(c), Section 8.1(e), Section 8.1(f), Section 8.1(g), or Section 8.1(h), which Transaction Expenses shall be paid no later than three (3) Business Days following receipt of non-itemized invoices documenting such Transaction Expenses following such termination. If it is determined that any payment pursuant to the sentence above would be

subject to any withholdings, then the Seller shall make “gross-up” payments that cover the full amount of such withholdings on an after-tax basis.

(b) If this Agreement is terminated pursuant to Section 8.1(d), the Purchaser and/or a Purchaser Designee shall pay, or cause to be paid to, the Seller the Purchaser Termination Fee by a reduction of claims under the First Lien Credit Agreement within two (2) Business Days of the date of such termination. The payment of the Purchaser Termination Fee shall be the sole and exclusive remedy of the Seller for any breach or default of the Purchaser of this Agreement (other than (i) reimbursement of costs and expenses if and as required pursuant to Section 8.3(a) and (ii) prior to the termination of this Agreement, specific performance but only as expressly permitted under Section 9.9(b) and (iii) with respect to any covenant or agreement required by this Agreement to be performed by the Purchaser after the Closing), and the Seller shall irrevocably waive and release the Purchaser Parties, as a condition to payment of the Purchaser Termination Fee (but subject to the receipt thereof), from any and all statutory, equitable, legal, or common law claims or remedies that the Seller may have against any of the Purchaser Parties in respect of any breach of or default under this Agreement. For purposes hereof, “Purchaser Parties” shall mean, collectively, the Purchaser and any of their respective former, current, or future directors, officers, employees, agents, general or limited partners, managers, members, shareholders, Affiliates, or assignees or any former, current, or future director, officer, employee, agent, general or limited partner, manager, member, shareholder, Affiliate, or assignee of any of the foregoing.

(c) The Parties acknowledge that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated in this Agreement, that the damages resulting from termination of this Agreement under circumstances where the Seller is entitled to the Purchaser Termination Fee are uncertain and incapable of accurate calculation, and that the delivery of the Purchaser Termination Fee to the Seller is not a penalty but rather shall constitute liquidated damages in a reasonable amount that will compensate the Seller in the circumstances where the Seller is entitled to the Purchaser Termination Fee for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Transaction contemplated hereby, and that, without these agreements, the Seller would not enter into this Agreement.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Survival. The representations and warranties of the Parties in this Agreement, any Closing Documents, or in any agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby (including, for certainty, the Support Agreement) shall not survive the Closing. For certainty, the covenants and agreements contained in this Agreement or such other instruments delivered in connection with this Agreement that by their terms apply or are to be performed in whole or in part after the Closing shall survive Closing. The Seller shall have no liability (except in cases of fraud or knowing or intentional misrepresentation), whether before or after the Closing, for any breach of the Seller’s representations and warranties, and the Purchaser acknowledges that its

exclusive remedy for any such breach shall be the termination of this Agreement prior to Closing (but only if permitted by Section 8.1(c)).

Section 9.2 Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, shareholder, affiliate, agent, attorney or representative of the respective Parties hereto, or any of their respective Affiliates not a party hereto, and no lender party to the First Lien Credit Agreement (other than in respect of Section 8.3(b)) nor any agent of any such lender party, in each case, in such capacity, shall have any liability for any obligations or liabilities (including in connection with any representations or warranties) of the Purchaser or the Seller, as applicable, under this Agreement and the completion of the transactions contemplated hereby.

Section 9.3 Relationship of the Parties. Nothing in this Agreement shall be construed so as to make the Purchaser or any Affiliate of the Purchaser a partner of the Seller.

Section 9.4 Amendment of Agreement. This Agreement may not be supplemented, modified, or amended except by a written agreement executed by each Party.

Section 9.5 Notices. Any Notice shall be in writing and shall be deemed to have been duly given or made when personally delivered, sent by facsimile, or when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed or directed as follows, or as may be furnished hereafter by notice, in writing, to the other Party on at least three (3) Business Days' prior notice, to the following Parties:

(a) If to the Purchaser, to:

682534 N.B. Inc.

[•]

[•]

Attention: [•]

Facsimile: [•]

with a copy (which shall not constitute notice) given in like manner to:

Willkie Farr & Gallagher LLP

787 Seventh Avenue

New York, NY 10019

Attention: Paul V. Shalhoub, Esq.

Mark A. Cognetti, Esq.

Facsimile: (212) 728-8111

with a copy (which shall not constitute notice) given in like manner to:

Bennett Jones LLP

3400 One First Canadian Place

P.O. Box 130

Toronto, ON, M5X 1A4

Attention: Kevin Zych, Esq.
 Sean Zweig, Esq.
 Facsimile: (416) 863-1716

(b) If to the Seller, to:

c/o Nelson Education Ltd.
 1120 Birchmount Road
 Scarborough, ON, M1K 5G4
 Attention: Greg Nordal
 Facsimile: (416) 752-8101

with a copy (which shall not constitute notice) given in like manner to:

Goodmans LLP
 Bay Adelaide Centre
 333 Bay Street, Suite 3400
 Toronto, ON M5H 2S7
 Attention: Robert Chadwick, Esq.
 Caroline Descours, Esq.
 Facsimile: (416) 979-1234

Any Notice which is delivered or is sent by facsimile shall be deemed to have been validly and effectively given and received on the date it is delivered or sent, unless it is delivered or sent after 5:00 p.m. New York City time on any given day or on a day that is not a Business Day, in which case it shall be deemed to have been validly and effectively given and received on the Business Day next following the day it was delivered or sent; provided that, in the case of a Notice sent by facsimile, it shall not be deemed to have been sent, unless there has been confirmation of transmission.

Section 9.6 Fees and Expenses. The Parties agree that, except as otherwise expressly provided in this Agreement (including in Section 5.8, Section 7.4(a), and Section 8.3), each Party shall bear and pay all costs, fees and expenses that it incurs, or which may be incurred on its behalf, in connection with this Agreement and the Transaction.

Section 9.7 Governing Law; Jurisdiction; Service of Process. This Agreement shall be governed by and construed in accordance with the CCAA, to the extent applicable, and the laws of the Province of Ontario and the federal laws applicable therein, without giving effect to any principles of conflicts of law to the extent the Laws of another jurisdiction would apply as a result of the application thereof. Without limiting any Party's right to appeal any order of the Court, the Parties agree that if any dispute arises out of or in connection with this Agreement or any of the documents executed hereunder or in connection herewith, the Court shall have exclusive personal and subject matter jurisdiction and shall be the exclusive venue to resolve any and all disputes relating to the Transaction. The Court shall have sole jurisdiction over such matters and the parties affected thereby and the Purchaser and the Seller hereby consent and submit to such jurisdiction; provided, however, that, if the CCAA Proceedings have closed and cannot be reopened, the Parties agree to unconditionally and irrevocably submit to the exclusive

jurisdiction of the Province of Ontario and any appellate court thereof, for the resolution of any such claim or dispute. The Parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the Parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. In the event any such action, suit or proceeding is commenced, the Parties hereby agree and consent that service of process may be made, and personal jurisdiction over any Party hereto in any such action, suit, or proceeding may be obtained, by service of a copy of the summons, complaint, and other pleadings required to commence such action, suit, or proceeding upon the Party at the address of such Party set forth in Section 9.5, unless another address has been designated by such Party in a notice given to the other Parties in accordance with the provisions of Section 9.5.

Section 9.8 Further Assurances. Subject to the other provisions of this Agreement, each of the Parties hereto agrees to execute, acknowledge, deliver, file, and record such further certificates, amendments, instruments, and documents, and to do all such other acts and things, as may be reasonably requested by any other Party in order to carry out the intent and purpose of this Agreement at the expense of the requesting Party.

Section 9.9 Specific Performance.

(a) The Seller acknowledges that the Purchaser would be damaged irreparably in the event that this Agreement is not performed by the Seller in accordance with its specific terms or is otherwise breached by the Seller or the Seller fails to consummate the Closing as required hereunder, subject to its right to terminate this Agreement under Section 8.1(d), Section 8.1(g), Section 8.1(h), and Section 8.1(i), and that, in addition to any other remedy that the Purchaser may have under law or equity, the Purchaser shall be entitled, without proof of irreparable harm, to injunctive relief to prevent breaches of the terms of this Agreement and to seek to enforce specifically the terms and provisions hereof that are required to be performed by the Seller. For greater certainty, the Purchaser acknowledges that its rights in the event that this Agreement is not performed by the Seller in accordance with its specific terms or is otherwise breached by the Seller or the Seller fails to consummate the Closing as required hereunder shall at all times be subject to Section 9.2.

(b) The Purchaser acknowledges that the Seller would be damaged irreparably in the event that this Agreement is not performed by the Purchaser in accordance with its specific terms or is otherwise breached by the Purchaser and that the Seller shall be entitled to seek injunctive relief to prevent breaches of the terms of this Agreement and to enforce specifically the terms and provisions hereof that are required to be performed by the Purchaser, other than the Purchaser's obligation to consummate the Transaction. The Seller acknowledges and agrees that the Seller is not entitled under any circumstances to obtain specific performance of the Purchaser's obligation to consummate the Transaction, and that the Seller's sole remedy on a failure of the Purchaser to consummate the Transaction is set forth in Section 8.3(b).

Section 9.10 Entire Agreement. Except as set forth herein, this Agreement, the Support Agreement, the Confidentiality Agreement, the Newco First Lien Credit Agreement, and the

Payment and Settlement Agreement constitute the full and entire agreement between the Parties hereto pertaining to the Transaction and supersede all other prior agreements, understandings, negotiations, and discussions, whether oral or written, with respect thereto made by any Party.

Section 9.11 Waiver. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided. All waivers hereunder must be in writing to be effective.

Section 9.12 Assignment. Neither the Seller nor the Purchaser may assign or otherwise transfer their respective rights and/or obligations hereunder (or agree to do so) without the prior written consent of the other Party, which consent shall be in such other Party's sole and absolute discretion; provided that the Purchaser may, without the consent of the Seller, assign or transfer any or all of its right and/or obligations hereunder to one or more of its Affiliates (it being understood that the Purchaser nonetheless shall remain liable for the performance of all of the Purchaser's obligations hereunder to the extent not performed by the assignee or any Purchaser Designee); provided, further, that, after Closing, the Purchaser may, without the consent of the Seller, assign or transfer any or all of its right and/or obligations hereunder. Any assignment or other transfer not permitted under this Section 9.12 shall be null and void *ab initio*.

Section 9.13 Successors and Assigns. This Agreement shall bind and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Section 9.14 No Third-Party Beneficiaries. Nothing in this Agreement is intended to, or shall, confer any third-party beneficiary or other rights or remedies upon any Person other than the Parties hereto and the Released Parties.

Section 9.15 Severability of Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law or regulation, and if the rights or obligations of any Party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, the Parties shall negotiate in good faith to add to this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

Section 9.16 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original hereof, and all of which shall constitute a single agreement effective as of the date hereof. Any delivery of an executed counterpart of this Agreement by facsimile or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be executed as of the day and year first above written.

SELLER:

PURCHASER:

NELSON EDUCATION LTD.

682534 N.B. Inc.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

Form of Payment and Settlement Agreement

PAYMENT AND SETTLEMENT AGREEMENT

This **PAYMENT AND SETTLEMENT AGREEMENT** (this "**Agreement**") is made effective as of 11:00 a.m. (New York City time) on this [•] day of [•], 2015.

BETWEEN:

NELSON EDUCATION LTD., a corporation existing under the laws of Canada

(the "**Seller**")

- and -

CORTLAND CAPITAL MARKET SERVICES LLC, a Delaware limited liability company, as Supplemental Administrative Agent under the First Lien Credit Agreement

(the "**Agent**")

RECITALS:

- A. In accordance with the terms of that certain asset purchase agreement, dated the date hereof (the "**Purchase Agreement**"), by and between the Seller and [NEWCO] (the "**Purchaser**"), the Seller sold, assigned and transferred the Purchased Assets to the Purchaser and the Purchaser purchased the Purchased Assets from the Seller, such sale and purchase effective as of the Closing on the date hereof;
- B. In partial satisfaction of the obligation to pay the Purchase Price for the Purchased Assets to the Seller at the Closing, the Purchaser:
 - (1) entered into the Newco First Lien Credit Agreement;
 - (2) in connection with the Newco First Lien Credit Agreement, issued to the Seller a promissory note pursuant to the terms of the Newco First Lien Credit Agreement in a principal amount equal to two hundred million United States Dollars (US\$200,000,000) (the "**Term Note**"); and
 - (3) issued to the Seller 1,000 non-voting redeemable/retractable preference shares in the capital stock of the Purchaser (the "**Preferred Shares**") with an aggregate redemption amount equal to [fifteen million United States Dollars (US\$15,000,000)];
- C. The Seller is indebted to the persons listed in Schedule "A" (the "**Secured Lenders**") under the First Lien Credit Agreement and the other Loan Documents (as defined in the First Lien Credit Agreement) in the principal amount of [two hundred sixty-eight million seven hundred fifty-three thousand nine hundred thirty United States Dollars (US\$268,753,930)];

- D. Effective as of 11:00 a.m. (New York City time) on the date hereof, the Seller wishes to assign and convey to the Secured Lenders and the Agent, for and on behalf of the Secured Lenders, and the Agent, for and on behalf of the Secured Lenders, wishes to accept and assume the Newco First Lien Credit Agreement, the Term Note and the Preferred Shares in partial payment and satisfaction of the Seller's obligation to pay the outstanding principal amount owing under the First Lien Credit Agreement to the Secured Lenders;
- E. Immediately following such assignment and assumption, the Seller and the Agent, for and on behalf of the Secured Lenders, wish to provide for the forgiveness and settlement of the remaining balance owing by the Seller to the Secured Lenders under the First Lien Credit Agreement.

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto agree as follows:

1. Definitions

All capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Purchase Agreement.

2. Certain Rules of Interpretation

- (a) 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.
- (b) The division of this Agreement into Sections and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (c) The terms "hereof", "hereunder", and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (d) Unless something in the subject matter or context is inconsistent therewith, references herein to Sections are to sections of this Agreement.
- (e) The language used in this 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.

3. Acknowledgement by Seller

The Seller hereby acknowledges and agrees that on the date hereof, following the Closing and immediately prior to the consummation of the transactions contemplated in Sections 5 and 6 of this Agreement, the Seller is indebted to the Secured Lenders under the First Lien Credit Agreement in the principal amount of [two hundred sixty-eight million seven hundred fifty-three thousand nine hundred thirty United States Dollars (US\$268,753,930)].

4. Representations and Warranties

- (a) The Seller represents and warrants to the Agent that, immediately following the Closing on the date hereof:
- (i) it is duly organized, validly existing and, as of the date of this Agreement, in good standing under the Laws of the jurisdiction of its incorporation;
 - (ii) it has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;
 - (iii) the execution, delivery, and performance by it of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of the Seller and no other proceeding on the part of the Seller is necessary to authorize this Agreement and to consummate the transactions contemplated hereby;
 - (iv) this Agreement has been duly and validly executed and delivered by the Seller and (assuming the due authorization, execution, and delivery by all parties hereto, other than the Seller) constitutes a valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms;
 - (v) the execution, delivery, and performance by the Seller of this Agreement, and the consummation by the Seller of the transactions contemplated hereby, do not (A) conflict with or result in the breach of any provision of the organizational documents of the Seller, (B) conflict with, violate, or result in the breach by the Seller of any applicable Law, or (C) require the Seller to make any filing with or give notice to, or obtain any Consent from, any Governmental Authority;
 - (vi) it is the Initial Lender (as that term is defined in the Newco First Lien Credit Agreement) under the Newco First Lien Credit Agreement;
 - (vii) it is the legal and beneficial owner of the Term Note in a principal amount equal to two hundred million United States Dollars (US\$200,000,000);
 - (viii) it is the registered and beneficial owner of the Preferred Shares, which Preferred Shares have an aggregate redemption amount equal to [fifteen million United States Dollars (US\$15,000,000)];
 - (ix) the Preferred Shares are fully paid and non-assessable; and
 - (x) each of the Term Note and the Preferred Shares are free and clear of any claim, lien, charge, encumbrance or other adverse claim whatsoever.
- (b) The Agent represents and warrants to the Seller that, immediately following the Closing on the date hereof:

- (i) it is duly organized, validly existing and, as of the date of this Agreement, in good standing under the Laws of the jurisdiction of its organization;
- (ii) it has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder;
- (iii) the execution, delivery, and performance by it of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite limited liability company and other action on the part of the Agent and no other proceeding on the part of the Agent is necessary to authorize this Agreement and to consummate the transactions contemplated hereby;
- (iv) this Agreement has been duly and validly executed and delivered by the Agent and (assuming the due authorization, execution, and delivery by all parties hereto, other than the Agent) constitutes a valid and binding obligation of the Agent enforceable against the Agent in accordance with its terms;
- (v) the execution, delivery, and performance by the Agent of this Agreement, and the consummation by the Agent of the transactions contemplated hereby, do not (A) conflict with or result in the breach of any provision of the organizational documents of the Agent, (B) conflict with, violate, or result in the breach by the Agent of any applicable Law, or (C) require the Agent to make any filing with or give notice to, or obtain any Consent from, any Governmental Authority; and
- (vi) it has been duly and validly appointed as Supplemental Administrative Agent under the First Lien Credit Agreement.

5. Assignment and Payment

- (a) Effective as of 11:00 a.m. (New York City time) on the date hereof (the "**Assignment Time**"), the Seller hereby absolutely and irrevocably grants, bargains, sells, transfers, assigns, conveys, delivers, and sets over:
 - (i) to the Secured Lenders in accordance with the allocations set forth in Schedule "A" (the "**Term Allocations**"), all of the Seller's rights and obligations under the Newco First Lien Credit Agreement;
 - (ii) to the Secured Lenders in accordance with the Term Allocations, all of the Seller's rights and obligations under the Term Note at an agreed price of two hundred million United States Dollars (US\$200,000,000); and
 - (iii) to the Agent, for and on behalf of the Secured Lenders, all of the Seller's rights, title and interest in the Preferred Shares at an agreed price of [fifteen million United States Dollars (US\$15,000,000)].

- (b) Effective as of and from the Assignment Time, the Agent, for and on behalf of the Secured Lenders, hereby:
- (i) accepts and assumes all of the Seller's rights and obligations under the Newco First Lien Credit Agreement;
 - (ii) agrees that each of the Secured Lenders shall be bound by the provisions of the Newco First Lien Credit Agreement as a Lender thereunder, each to the extent of its Term Allocation thereunder, and shall have the obligations of a Lender under the Newco First Lien Credit Agreement; and
 - (iii) accepts all of the Seller's rights, title and interest in the Term Note and Preferred Shares.
- (c) The Seller and Agent, for and on behalf of the Secured Lenders, acknowledge and agree that the assignments by the Seller described in Section 5(a) shall, upon becoming effective, constitute a repayment by the Seller of a portion of the principal amount outstanding under the First Lien Credit Agreement equal to [two hundred fifteen million United States Dollars (US\$215,000,000)], being an amount equal to the sum of (i) the principal amount of the Term Note, and (ii) the aggregate redemption amount of the Purchaser Shares. The Seller and Agent, for and on behalf of the Secured Lenders, further acknowledge and agree that upon the assignments by the Seller described in Section 5(a) and the payment described in this Section 5(c) becoming effective, the remaining principal amount owing under the First Lien Credit Agreement shall be [fifty three million seven hundred and fifty-three thousand nine hundred and thirty United States Dollars (US\$53,753,930)] (the "**Residual Debt**").

6. Settlement of Residual Debt

- (a) Effective immediately following the Assignment Time (the "**Settlement Time**"), the Agent, for and on behalf of the Secured Lenders, hereby agrees to forgive in its entirety the Residual Debt.
- (b) Effective immediately following the Settlement Time, the Agent, for and on behalf of the Secured Lenders, and the Seller acknowledge and agree that as a result of such forgiveness contemplated in Section 6(a), the amount outstanding and owing by the Seller to the Secured Lenders under the First Lien Credit Agreement is zero United States Dollars (US\$0).
- (c) Effective immediately following the Settlement Time, the Agent, for and on behalf of the Secured Lenders, acknowledges and agrees that all obligations of the Seller and the other Loan Parties (as defined in the First Lien Credit Agreement) under the First Lien Credit Agreement and the other Loan Documents (as defined in the First Lien Credit Agreement) have been fully satisfied, except such obligations that by their terms expressly survive termination of the First Lien Credit Agreement or the other Loan Documents (as defined in the First Lien Credit Agreement), as applicable.

- (d) Notwithstanding anything to the contrary herein, the Seller, on behalf of itself and the other Loan Parties (as defined in the First Lien Credit Agreement), hereby acknowledges and agrees that all obligations of the Seller and the other Loan Parties (as defined in the First Lien Credit Agreement) under the First Lien Credit Agreement and the other Loan Documents (as defined in the First Lien Credit Agreement) which by their terms expressly survive termination of the First Lien Credit Agreement and the other Loan Documents (as defined in the First Lien Credit Agreement) or payment of the Obligations (as defined in the First Lien Credit Agreement) shall continue in full force and effect, including, without limitation, all obligations pursuant to Section 10.05 of the First Lien Credit Agreement, and shall not be deemed satisfied or forgiven pursuant to this Agreement. In furtherance thereof, the Seller, on behalf of itself and the other Loan Parties (as defined in the First Lien Credit Agreement), acknowledges and agrees that their respective obligations and liabilities under the First Lien Credit Agreement and the other Loan Documents (as defined in the First Lien Credit Agreement) shall be reinstated with full force and effect if, at any time on or after the date hereof, all or any portion of repayment described in Section 5 hereof is voided or rescinded or must otherwise be returned by the Agent or any Secured Lender to the Seller or the other Loan Parties (as defined in the First Lien Credit Agreement) as a result of the unwinding of the transactions contemplated by this Agreement, the Purchase Agreement or the documents referred to therein and contemplated thereby.

7. Release

- (a) Notwithstanding any other provisions of this Agreement, effective immediately following the Settlement Time, each of the parties hereto, for and on behalf of itself and its Affiliates (including, with respect to the Seller, each other Loan Party (as defined in the First Lien Credit Agreement)), does hereby forever release and discharge the other party hereto, its Affiliates (including, with respect to the Seller, each other Loan Party (as defined in the First Lien Credit Agreement)), the Administrative Agent, the Collateral Agent (as defined in the First Lien Credit Agreement), each Secured Lender, and each of the foregoing's respective present and former direct and indirect shareholders, officers, directors, employees, auditors, advisors (including, without limitation, financial advisors), representatives, legal counsel, agents and assigns from any and all present and future demands, claims, liabilities, actions, cause of action, counterclaims, suits, damages, judgments, executions, debts, sums of money, accounts, indebtedness, liens and obligations of whatever nature (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or not yet due) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Settlement Time in connection with the First Lien Credit Agreement, the other Loan Documents (as defined in the First Lien Credit Agreement) and any other document ancillary thereto; provided that in no event shall the release set forth in this Section 7(a) apply to any claims, losses, suits, demands, actions, causes of action, rights, costs, fees, expenses, judgments, damages, obligations, lawsuits and liabilities to the extent such claims, losses, suits, demands, actions, causes of

action, rights, costs, fees, expenses, judgments, damages, obligations, lawsuits and liabilities are a result of any fraud, as adjudged by the express terms of a judgment rendered on a final non-appealable determination on the merits by a court of competent jurisdiction.

- (b) Effective immediately following the Settlement Time, all liens and security interests of the Collateral Agent (as defined in the First Lien Credit Agreement) or any Secured Lender in and to any and all properties and assets of the Seller and any other Loan Party (as defined in the First Lien Credit Agreement) granted under or pursuant to the Loan Documents (as defined in the First Lien Credit Agreement) shall automatically be released and terminated.

8. Further Assurances

Each of the parties hereto covenants and agrees with the other party that it will from time to time and at all times thereafter, upon every reasonable request of such party, make, do, and execute or cause and procure to be made, done, and executed all such further acts, deeds, or assurances as may be reasonably required by such party in order to carry out the intent and purpose of this Agreement.

9. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to any principles of conflicts of law to the extent the laws of another jurisdiction would apply as a result of the application thereof. Without limiting any party's right to appeal any order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), the parties agree that if any dispute arises out of or in connection with this Agreement or any of the documents executed hereunder or in connection herewith, the Court shall have exclusive personal and subject matter jurisdiction and shall be the exclusive venue to resolve any and all disputes relating to the transaction. The Court shall have sole jurisdiction over such matters and the parties affected thereby and the Seller hereby consents and submits to such jurisdiction. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. In the event any such action, suit or proceeding is commenced, the parties hereby agree and consent that service of process may be made, and personal jurisdiction over any party hereto in any such action, suit, or proceeding may be obtained, by service of a copy of the summons, complaint, and other pleadings required to commence such action, suit, or proceeding upon the party at the address of such party set forth in Section 9.5 of the Purchase Agreement, unless another address has been designated by such party in a notice given to the other party in accordance with the provisions of Section 9.5 of the Purchase Agreement.

10. Entire Agreement

This Agreement, the Purchase Agreement, the Newco First Lien Credit Agreement, the Term Note and the documents referred to therein and contemplated thereby constitute the entire agreement among the parties pertaining to the subject matter hereof and thereof, and merge all prior negotiations and drafts of the parties with regard to the transactions contemplated herein and therein.

11. Successors and Assigns

This Agreement shall inure to the benefit of the parties and their respective successors and assigns.

12. Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute one instrument. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

13. Amendments and Waivers

Any term of this Agreement may be amended only with the written consent of the Seller and the Agent or their respective successors and permitted assigns. Any amendment effected in accordance with this Section 13 will be binding upon the parties and their respective successors and permitted assigns.

14. Paramountcy

This Agreement is delivered pursuant to, and is subject to, all of the terms and conditions contained in the Purchase Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

15. Severability

If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law or regulation, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, the parties shall negotiate in good faith to add to this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

[Signature Page Follows.]

IN WITNESS WHEREOF this Agreement has been executed by the Seller and the Agent as of the day and year first above written.

NELSON EDUCATION LTD.

By: _____
Name:
Title:

**CORTLAND CAPITAL MARKET SERVICES
LLC, as Agent**

By: _____
Name:
Title:

SCHEDULE "A"

TERM ALLOCATIONS

Secured Lender	Term Allocation
[Table to be updated.]	

6442695

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD. AND
NELSON EDUCATION HOLDINGS LTD.

Applicants

Court File No. CV15-10961-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF ANNIE KWOK
(Sworn July 21, 2015)

BENNETT JONES LLP
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Lawyers for Wilmington Trust, National
Association, as the First Lien
Agent, Cortland Capital Market Services
LLC, as the Supplemental Agent, and the
First Lien Steering Committee

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD. AND
NELSON EDUCATION HOLDINGS LTD.

Applicants

Court File No. CV15-10961-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**RESPONDING
MOTION RECORD**

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Lawyers for Wilmington Trust, National
Association, as the First Lien
Agent, Cortland Capital Market Services
LLC, as the Supplemental Agent, and the
First Lien Steering Committee