

**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

**TRANSCRIPT BRIEF
(Sale Approval Motion and RBC Motion returnable August 13, 2015)
Volume I – Evidence of Greg Nordal**

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Benjamin Zarnett LSUC#: 17247M
bzarnett@goodmans.ca

Jessica Kimmel LSUC#: 32312W
jkimmel@goodmans.ca

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Caroline Descours LSUC#: 58251A
cdescours@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

INDEX

**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

**TRANSCRIPT BRIEF
(Sale Approval Motion and RBC Motion returnable August 13, 2015)**

INDEX

Tab	Document
VOLUME I – EVIDENCE OF GREG NORDAL	
I.	Transcript of Cross-Examination of Greg Nordal held August 4, 2015
1.	Exhibit “1” – Redacted Nelson Education Ltd. Meeting of the Board of Directors Minutes, August 22, 2014
2.	Exhibit “2” – E-mail dated September 11, 2014 re: Reorg Research Alert
3.	Exhibit “3” – Payment and Settlement Agreement
4.	Exhibit “4” – Letter from Paul Hastings to Goodmans dated September 16, 2014
5.	Exhibit “5” – Letter from Paul Hastings to Goodmans dated October 1, 2015
6.	Exhibit “6” – Letter from RBC to Wilmington Trust, National Association dated October 13, 2014
7.	Exhibit “7” – Letter from Paul Hastings to Goodmans dated November 18, 2014
8.	Exhibit “8” – Letter from Thornton Grout Finnigan to Goodmans dated April 13, 2015
9.	Exhibit “9” – Nelson Education Ltd. consolidated financial statements for year ended March 31, 2015

10.	Exhibit “10” – Redacted Nelson Education Ltd. Meeting of the Board of Directors Minutes, March 20, 2014
11.	Exhibit “11” – Notice of Examination
12.	Exhibit “12” - Redacted Nelson Education Ltd. Meeting of the Board of Directors Minutes, March 27, 2014 (including unredacted minutes provided to RBC on August 7, 2015)
13.	Exhibit “13” – Redacted Nelson Education Ltd. Meeting of the Board of Directors Minutes, April 7, 2014 (including unredacted minutes provided to RBC on August 7, 2015)
14.	Exhibit “14” – Redacted Nelson Education Ltd. Meeting of the Board of Directors Minutes, June 27, 2014 (including unredacted minutes provided to RBC on August 7, 2015)
15.	Exhibit “15” – Redacted Nelson Education Ltd. Meeting of the Board of Directors Minutes, August 5, 2014 (including unredacted minutes provided to RBC on August 7, 2015)
16.	Exhibit “16” – Supplemental Administrative Agent Agreement
II.	Answers to Questions taken Under Advisement on the Cross-Examination and Supplemental Answers of Greg Nordal
III.	Written Questions of RBC on the Affidavit of Greg Nordal sworn May 11, 2015, dated May 22, 2015
IV.	Responses to Written Questions of RBC dated May 25, 2015
A.	Schedule “A” – Letter from Nelson Education to RBC dated March 27, 2014
B.	Schedule “B” – Grace Period Extension Agreement dated April 9, 2014
C.	Schedule “C” – Second Grace Period Extension Agreement dated April 30, 2014
D.	Schedule “D” – Consent and Support Agreement dated July 7, 2014
VOLUME II – EVIDENCE OF LES VOWELL	
V.	Transcript of Cross-Examination of Les Vowell held August 5, 2015
1.	Exhibit “1” – RBC Credit Reports (September 24, 2013 to July 6, 2015)
A.	RBC Credit Report – September 24, 2013 (without attachments)
B.	RBC Credit Report – January 15, 2014 (without attachments)
C.	RBC Credit Report – January 28, 2014 (without attachments)
D.	RBC Credit Report – February 18, 2014 (without attachments)
E.	RBC Credit Report – March 31, 2014 (without attachments)

F.	RBC Credit Report – June 23, 2014 (without attachments)
G.	RBC Credit Report – July 9, 2014 (without attachments)
H.	RBC Credit Report – August 20, 2014 (without attachments)
I.	RBC Credit Report – October 2, 2014 (without attachments)
J.	RBC Credit Report – December 18, 2014 (without attachments)
K.	RBC Credit Report – April 15, 2015 (including attachment #3 only)
2.	Exhibit “2” – Unredacted RBC Credit Report for August 20 th , 2014
3.	Exhibit “3” – Letter from Goodmans to Paul Hastings dated September 19, 2014
4.	Exhibit “4” – Letter from Goodmans to Paul Hastings dated October 6, 2014
5.	Exhibit “5” – Letter from Bennett Jones to RBC dated October 16, 2014
6.	Exhibit “6” – Bundle of e-mail strings, Documents NR002401 and NR003585
7.	Exhibit “7” – E-mail exchange between Les Vowell and Raymond Chang, Document NR000438
8.	Exhibit “8” - E-mail from Les Vowell to Bruce Campbell, et al. dated April 14, 2014, Document NR000463
9.	Exhibit “9” – E-mail from Les Vowell to Joanne Hosing dated May 6, 2014, Document NR000295
VI.	Errata and Factual Clarifications to Answers Given on the Cross-Examination of Les Vowell
VII.	RBC NYB Non Accrual Loan and Loan Provision Procedures

TAB I

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Court File No. CV 15-10961-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NELSON EDUCATION LTD. AND NELSON
EDUCATION HOLDINGS LTD.

Applicants

CROSS-EXAMINATION OF GREG NORDAL
on his Affidavits sworn May 11 and July 22, 2015,
held at the offices of ASAP Reporting Services Inc.,
333 Bay Street, Suite 900, Toronto, Ontario,
on Tuesday, August 4, 2015, at 10:00 a.m.

APPEARANCES:

Jessica Kimmel on behalf of the Applicants
Caroline Descours

Robert W. Staley on behalf of Wilmington Trust,
Sean H. Zweig National Association, as the
William A. Bortolin First Lien Agent, Cortland
Capital Market Services LLC, as
The Supplemental Agent, and the
First Lien Steering Committee

John L. Finnigan on behalf of Royal Bank of
D.J. Miller Canada

Evan Cobb on behalf of the Monitor, FTI
Consulting Canada Inc.

Also present:
Les Vowell

A.S.A.P. Reporting Services Inc. © 2015
1105 - 200 Elgin Street 900-333 Bay Street
Ottawa, Ontario K2P 1L5 Toronto, Ontario M5H 2T4
(613) 564-2727 (416) 861-8720

	INDEX	
		PAGE
1		
2		
3		
4	AFFIRMED: Greg Nordal	5
5	CROSS-EXAMINATION BY MR. FINNIGAN:	5
6		
7		
8		
9		

10 LIST OF UNDER ADVISEMENTS

11

12

13

14 Under AdviseMENTS (U/A) found at pages:

15 19, 20, 51, 56, 59, 61, 63, 65,

16 70 and 92

17

18

19

20

21

22

23

24

25

LIST OF EXHIBITS

	NO.	DESCRIPTION	PAGE
1			
2			
3	1	Redacted Nelson Education Ltd. Meeting of the board of directors	
4		minutes, August 22, 2014.	36
5	2	E-mail, Reorg Research Alert, Subject: Nelson Education Ltd.	
6		(Reorg Research Intelligence Alert) - Nelson Education Executes	
7		RSA with Lenders.	43
8	3	Payment and settlement agreement.	56
9	4	Letter from Paul Hastings law firm to Robert Chadwick at Goodmans	
10		LLP, dated September 16, 2014, Re: Nelson Education Ltd.	59
11	5	Letter from Paul Hastings law firm; to Robert Chadwick at	
12		Goodmans LLP, dated October 1, 2014, Re: Nelson Education Ltd.	61
13	6	Letter from Leslie J. Sobel, RBC, to Jeffrey Rose, Wilmington Trust, National Association, dated	
14		October 13, 2014, Re: Nelson Education Ltd.	63
15	7	Letter from Paul Hastings law firm to Robert Chadwick at Goodmans	
16		LLP, dated November 18, 2014, Re: Nelson Education Ltd.	64
17	8	Letter from Thornton Grout Finnigan LLP to Goodmans LLP, dated April 13, 2015.	65
18			
19			
20			
21			
22			
23			
24			
25			

LIST OF EXHIBITS (CONT.)

NO.	DESCRIPTION	PAGE
9	Nelson Education Ltd. consolidated financial statements for the year ended March 31st, 2015.	71
10	Redacted copy of the March 20th, 2014, Nelson Education Board meeting minutes.	81
11	Notice of examination.	82
12	Redacted copy of the March 27th, 2014, Nelson Education Board meeting minutes.	82
13	Redacted copy of the April 7th, 2014, Nelson Education Board meeting minutes.	85
14	Redacted copy of the June 27th, 2014, Nelson Education Board meeting minutes.	86
15	Redacted copy of the August 5th, 2014, Nelson Education Board meeting minutes.	87
16	Supplemental Administrative Agent Agreement between Wilmington Trust and Cortland Capital Market Services.	92

Toronto, Ontario

--- Upon commencing on Tuesday, August 4, 2015, at
10:00 a.m.

AFFIRMED: Greg Nordal.

CROSS-EXAMINATION BY MR. FINNIGAN:

1 Q. Good morning, Mr. Nordal.

7 A. Good morning.

2 Q. You are here today for

examination -- cross-examination on certain

affidavits you have sworn and other material

provided. Do you have before you your affidavit

of May 11th, 2015?

13 A. I do.

3 Q. And your affidavit of

July 22nd, 2015?

16 A. July 22nd.

4 Q. Yes, thank you.

And I take it you had a chance
to review those affidavits before you swore them?

20 A. I did.

5 Q. And you satisfied

yourself that the contents of the affidavits were
true?

24 A. Yes.

6 Q. And is there anything in

1 those affidavits that you would like to amend or
2 change today?

3 A. No.

4 7 Q. You also, your counsel
5 has provided to us certain written responses to
6 written questions on the affidavit of Greg Nordal
7 sworn May 11th, 2015. Do you have those written
8 responses with you, sir?

9 MS. KIMMEL: He has the

10 responses, and he also has a separate brief with
11 the questions because they are not reflected in
12 the responses.

13 THE WITNESS: Yes, I have it.

14 BY MR. FINNIGAN:

15 8 Q. And did you have a
16 chance, sir, to review those answers before they
17 were provided?

18 A. I did, yes.

19 9 Q. And do you adopt those
20 answers as your own?

21 A. I do.

22 10 Q. And is there anything in
23 those answers that you would like to change today?

24 A. No.

25 11 Q. So I understand you are

1 the president and CEO of Nelson Education?

2 A. That's correct.

3 12 Q. You have held that
4 position since September of 2008?

5 A. That's correct.

6 13 Q. And do you expect to
7 remain in that position if the sale of the
8 business to the First Lien Lenders is approved by
9 the Court next week?

10 A. That is my current
11 intention.

12 14 Q. Sir, in your previous
13 affidavits, you testified as to the decision made
14 to not make the March and June 2014 interest
15 payment on the Second Lien Notes?

16 A. Right.

17 15 Q. You recall that evidence?

18 A. Um-hmm.

19 16 Q. And you testified that
20 the board of Nelson decided it would not make
21 those interest payments. Do you recall, on a
22 quarterly basis, what were the interest payments
23 on the Second Lien Notes?

24 A. I prefer to look at the
25 actual numbers than speculate.

1 17 Q. Sure, you can look at
2 them. I think it's about \$2.6 million.

3 A. Yeah, I was going to say
4 just over two-and-a-half.

5 18 Q. That's fine.

6 A. If you want the precise
7 number, it's in here somewhere.

8 19 Q. Just over two-and-a-half
9 is fine.

10 A. Okay.

11 20 Q. And, sir, how much cash
12 did Nelson have as at March 31st, 2014?

13 A. I would have to look that
14 up, there is a lot of numbers. It is in one of my
15 documents here.

16 21 Q. Yes, I will direct you to
17 one document that I am aware of. It's in your
18 May 11th, 2015, affidavit. The first exhibit that
19 you attach there are the financial statements --

20 A. Um-hmm.

21 22 Q. -- for the company.

22 And these are the consolidated
23 financial statements for the nine-month ended
24 March 31, 2014. Have you got those?

25 A. Yes, I believe I do.

1 On page 80, which is part of
2 Exhibit A, the end of the period March 31, 2014,
3 cash end of period, 32,165,000.

4 23 Q. Right. And so, then, I
5 understand that the cash of Nelson, the business
6 operated it was cyclical and the cash would
7 fluctuate over the course of the year?

8 A. That's correct.

9 24 Q. And March, was it in the
10 middle, was it at a peak, or a trough?

11 A. Somewhere in the middle.
12 Certainly not the trough, certainly not the peak.

13 25 Q. So just describe for me
14 how that cycle works in terms of the cash of the
15 business?

16 A. Our low period tends to
17 be July, just based on the working capital
18 requirements of the business at the time. And
19 then it increases, say, from August to the end of
20 the year, as a result of receipts we receive from
21 various customers in our marketplaces.

22 26 Q. All right. So, to
23 review, then, as at the end of March of 2014, the
24 Second Lien interest payment due was just over
25 two-and-a-half million and the company had

1 \$33 million in cash?

2 A. That seems to be
3 approximately correct, yes.

4 27 Q. And what are the goal
5 posts in terms of what does it fluctuate from to
6 in the course of a year?

7 A. Gosh, I would like to
8 refer to specific numbers, but if you would like a
9 range --

10 28 Q. A range is fine.

11 A. -- and given that I am
12 not referring to any specific materials, I think
13 it would be in the area of 15 to 45, plus or
14 minus.

15 29 Q. Fifteen at the low?

16 A. Yeah, to about, I believe
17 it's slightly over 45 at the high.

18 And I just want to make it
19 clear, I am not looking at any specific materials
20 but that is my recollection.

21 30 Q. That's fine.

22 So 15 would be, when? What
23 time of year?

24 A. July.

25 31 Q. And 45 would be?

1 A. Fourth quarter of the
2 calendar year.

3 32 Q. And as part of your job
4 as the president and CEO, would you receive
5 regular reports on the cash balances of the
6 company?

7 A. Yes.

8 33 Q. Is that something you
9 were expected to stay on top of?

10 A. Yes.

11 34 Q. Do you have any knowledge
12 of what the cash would have been at the end of
13 June of 2014?

14 A. No, not without looking
15 at a specific document.

16 35 Q. It would be somewhere in
17 this range of 15 to 45, you would expect?

18 A. Yeah, I would.

19 36 Q. And if it was 33 at the
20 end of March, does that help you in approximating
21 what it might be at the end of June?

22 A. Not really. I don't
23 think I want to guess without looking at a
24 specific financial statement.

25 37 Q. All right, that's fine.

1 Sir, the First Lien Notes, they
2 matured in 2014; correct?

3 A. Correct.

4 38 Q. Do you recall the month?

5 A. July.

6 39 Q. And the company did not
7 repay the First Lien Notes when they matured?

8 A. That's correct.

9 40 Q. And the company has not

10 received any demand for payment from the First
11 Lien Lenders?

12 A. Not formally, no.

13 41 Q. And the company has not
14 received any notice of intention to enforce

15 security under the Bankruptcy and Insolvency Act?

16 A. No, not to my knowledge.

17 42 Q. So, counsel, this gets

18 into the questions I forwarded to you yesterday.

19 How much interest has been paid to the First Lien

20 Lenders from July 1st, 2014, to July 1st, 2015?

21 MS. KIMMEL: Do you know the
22 approximate number?

23 THE WITNESS: In interest?

24 BY MR. FINNIGAN:

25 43 Q. Yes.

1 A. About 13.6 million.

2 44 Q. Do you have a document
3 that -- analysis of that number?

4 MS. KIMMEL: We have
5 calculated the number so that he was in a position
6 to answer your question, and he has given you the
7 approximate number, yes.

8 BY MR. FINNIGAN:

9 45 Q. All right. And how much
10 has the company paid to the First Lien
11 Professional Advisors, including financial
12 advisors and counsel?

13 A. Approximately \$5 million
14 Canadian.

15 46 Q. In that same period?

16 A. Yes. I think that's the
17 same period that all the questions pertain to.

18 47 Q. Yes, July to July.

19 A. Yeah. About 5 million
20 Canadian.

21 48 Q. And has the company paid
22 consent fees to the First Lien Lenders pursuant to
23 the consent and support agreement?

24 A. Those who consented
25 received their consent fee as outlined in that

1 agreement.

2 49 Q. And did you have a chance
3 to read Mr. Vowell's affidavit of July 13th?

4 A. I did.

5 50 Q. And in that document, he
6 sets out certain amounts that he has calculated as
7 the amounts on the consent fee.

8 And if you have that handy,
9 it's the motion record returnable August 13th.

10 And Tab G of that, is a spreadsheet or an Excel
11 sheet with the calculation.

12 A. Um-hmm, yes.

13 51 Q. Do you agree that the
14 consent fees paid to the consenting First Lien
15 Lenders were \$12,639,000?

16 A. So this exhibit refers to
17 12.6 to those who consented, which I think matches
18 up with the number I just provided.

19 52 Q. Well I was asking
20 about --

21 A. Oh, sorry.

22 53 Q. -- interest in the first
23 case. You told me 13.6 on interest?

24 A. Yes, and I said about
25 12-and-a-half in consent fees to those consenting

1 lenders. You have 12.639, to the best of my
2 knowledge, this a very close approximation if not
3 absolutely accurate.

4 54 Q. Thank you. And
5 Mr. Vowell also calculated the consent fee that
6 RBC might be entitled to, or would be entitled to
7 if it had consented, and his calculation was
8 \$1,559,000. Is that an accurate calculation of
9 the consent fee that RBC would have been entitled
10 to if it had consented?

11 A. If it had consented --

12 55 Q. Yes.

13 A. -- which it did not, that
14 seems to be approximately a good mathematical
15 calculation.

16 56 Q. Okay. Have the First
17 Lien Lenders made any further advances to the
18 company since March of 2014?

19 A. Advances?

20 57 Q. Yes, have they lent the
21 company any more money?

22 A. No, I don't believe they
23 have.

24 58 Q. Can you turn now to --
25 counsel, this would be the motion record for the

1 sale approval.

2 Sir, if I can direct your
3 attention, please, we are going to start with the
4 service list. I am going to ask you some
5 questions about the people that got served with
6 this.

7 A. Oh, okay.

8 59 Q. And look at page 6 of the
9 service list.

10 A. Okay.

11 60 Q. And it describes there
12 under the heading "Secured Parties", it indicates
13 a number of entities. Was each of those entities
14 a secured party of Nelson as far as you are aware?

15 A. I am not 100 per cent
16 sure if they were. But the names look like, for
17 example, I recognize Fleet Management, certainly
18 has an interest with their vehicles. Ricoh,
19 certainly in their copiers.

20 So I am not familiar with all
21 the terms of all the contracts, I would not be
22 surprised if they are secured. And if they are
23 listed as secured, I would assume they are.

24 61 Q. And are all the payments
25 to these secured lenders current?

1 A. To the best of my
2 knowledge they are, within whatever trade terms
3 exist.

4 62 Q. And are these, the
5 liabilities to these secured lenders, are they
6 being assumed as part of the transaction for which
7 approval is sought?

8 A. Yes.

9 63 Q. All right, turn now to
10 pages 3 through 5 of the service list, under the
11 heading "Government Offices".

12 And you will see there is the
13 Department of Justice, the finance ministries of
14 various -- of the ten provinces --

15 A. Um-hmm.

16 64 Q. And same questions.

17 Is the company current with its
18 obligation to all of these government agencies?

19 A. To the best of my
20 knowledge we are not in default of any of these
21 obligations.

22 65 Q. Thank you.

23 Does the company have any tax
24 losses?

25 A. On our balance sheet, we

1 have some tax loss carryforwards, yes.

2 66 Q. What is the value of
3 those?

4 A. That is not something I
5 have paid a lot of attention to in recent years
6 because, umm, other elements overwhelmed it. So I
7 would have to take a look at that particular
8 number.

9 67 Q. Sure. Do you have it?

10 A. It would have to be...
11 If it is anywhere, it would be in our financial
12 statements in my initial May affidavit. And I am
13 afraid I am going to have to search for that
14 because I do not know exactly where it is, I just
15 say that plainly.

16 68 Q. Okay. Just take a
17 minute, that's fine.

18 A. I am going to have
19 trouble finding that, I am just going to say it
20 one last time. I am not sure they have actually
21 been realized anyways, yet.

22 69 Q. All right. Do you have
23 any recollection of the approximate quantum of any
24 tax losses that the company has?

25 A. No, I don't. I would be

1 guessing.

2 70 Q. Could you please give me
3 an undertaking to advise me of the value of the
4 company's tax losses, the amount?

5 U/A MS. KIMMEL: I will take that
6 under advisement.

7 I wouldn't mind a little bit
8 of enlightenment as to why that is relevant.

9 MR. FINNIGAN: Well it's a
10 potential asset of the company. And my next
11 question is going to be, what is going to happen
12 to those losses, if any, after the transaction
13 closes.

14 MS. KIMMEL: I will take that
15 under advisement.

16 BY MR. FINNIGAN:

17 71 Q. Sir, do you know what is
18 going to happen to the tax losses?

19 A. No, I do not.

20 72 Q. Do you know if there will
21 be any tax losses realized as a result of this
22 transaction if approval is sought?

23 A. I don't know, no. It is
24 not an issue that, candidly, I have spent personal
25 attention.

1 73 Q. So, counsel, then, for
2 the -- I would like the same undertakings for any
3 tax losses that might be generated as a result of
4 the transaction, including their value and what is
5 proposed to be done with them and who will get the
6 benefit of them?

7 U/A MS. KIMMEL: Take it all under
8 advisement.

9 MR. FINNIGAN: Thank you.

10 BY MR. FINNIGAN:

11 74 Q. Sir, dealing now with
12 trade creditors.

13 A. Yes.

14 75 Q. You say in your May 11th,
15 affidavit, I will paraphrase, we can turn it up,
16 it's 109. You said:

17 "As noted above, I am not
18 aware of any trade
19 payables -- "[as read]

20 MS. KIMMEL: Sorry, can you
21 just let him get to it. It's paragraph 109 of the
22 May affidavit?

23 MR. FINNIGAN: Yes.

24 MS. KIMMEL: Okay, I just want
25 to make sure he is with you.

1 THE WITNESS: Oh, the
2 affidavit on May?

3 MR. FINNIGAN: Yes.

4 MS. KIMMEL: It should be in
5 that record, but it's at Tab 1, I believe.

6 THE WITNESS: Tab 2.

7 MS. KIMMEL: That's right, Tab
8 2, your memo is Tab 1.

9 THE WITNESS: Paragraph 9.

10 MS. KIMMEL: Paragraph 9 or
11 109?

12 MR. FINNIGAN: One-oh-nine.

13 On page 34 of the affidavit.

14 THE WITNESS: Yes.

15 BY MR. FINNIGAN:

16 76 Q. So, 109:

17 "As noted above, I am not
18 aware of any trade
19 payables, contractual
20 obligations, or employment
21 obligations, other than
22 certain obligations in
23 respect of former
24 employees, obligations
25 relating to matters in

1 A. That's correct.

2 79 Q. And what is the amount,
3 just in rough terms, of the trade debt at any
4 given time? If you can answer that question.

5 A. I can't. I would have to
6 look to my statements here, they have got accounts
7 payable number there, that might give you at any
8 point in time, so.

9 80 Q. Sure, let's look at that.
10 On page 1 of your financial statement, under
11 "Balance Sheet".

12 A. Yes. Accounts payable,
13 accrued expenses, \$31 million at the end of
14 December 2014. So that might be representative,
15 certainly at that point in time it was --

16 MS. KIMMEL: December 2014
17 or --

18 MR. FINNIGAN: No, that would
19 be March 31st --

20 THE WITNESS: I am sorry, I am
21 looking at December 31, 2014, on page 104, which
22 is Tab B.

23 At March 31st, 2014, it was --
24 did you want to go with that number -- it was
25 18.238 was our accounts payable.

1 BY MR. FINNIGAN:

2 81 Q. Right, and the trade debt
3 would be included in that?

4 A. That's correct.

5 82 Q. And the trade debt, is it
6 secured or unsecured?

7 A. Generally unsecured,
8 perhaps with the exception of those secured
9 providers that were on the service list.

10 83 Q. Right, the photocopiers
11 and the car company?

12 A. Yes. To the best of my
13 knowledge, those would be the only secured
14 creditors in the trade balance.

15 84 Q. So fair to say that most
16 of the trade debt would be unsecured?

17 A. Yes.

18 85 Q. So I take it that you're
19 aware that the First Lien Debt is held by a number
20 of different entities and it is traded from time
21 to time?

22 A. I am aware that it is
23 held by a number of entities and that in the past
24 it has traded. It is my understanding it is not
25 traded, certainly since the support agreement was

1 signed in September of 2010.

2 86 Q. And now prior to July --
3 I want to take you back now to July of 2014, last
4 year?

5 A. Okay, yes.

6 87 Q. Were you aware that two
7 of the First Lien Lenders were a company called
8 Axxx and another one was Mxxxxxxxxxx?

9 MS. KIMMEL: Can I just
10 interrupt for a second? My understanding is that
11 there is some confidentiality associated with the
12 identification of the First Lien Lenders. So
13 before you go anywhere, I just want to make sure
14 there isn't any concern about that from counsel.

15 MR. FINNIGAN: It is in the
16 public record. The Debtwire has reported on -- I
17 am not getting into their percentage holdings,
18 nothing like that.

19 MS. KIMMEL: Have you verified
20 the source of Debtwire/National Inquirer before
21 you rely on them as a place... I just want to
22 make sure that we are not --

23 MR. STALEY: I am not sure that
24 Debtwire is necessarily an authoritative source.
25 Have you got public sources? Is there a way of

1 doing this without specifically talking about the
2 entities to still make your points?

3 MR. FINNIGAN: I will try.

4 And we will see if we have to come back to this.

5 BY MR. FINNIGAN:

6 88 Q. Are you aware as a result
7 of your involvement in the negotiations with the
8 lenders that there were two camps among the First
9 Lien Lenders, a camp that wanted to extend the

10 loan and another camp that wanted to restructure
11 the balance sheet and do a transaction like the
12 one that's now proposed?

13 A. I heard different things
14 at different times.

15 89 Q. Yes.

16 A. And I will tell you that
17 they were not particularly transparent, and I did
18 hear people speculating along the way. At no
19 point did anybody ever declare to me who was in
20 what camps or what I should expect. I just knew
21 that they seemed to be -- there seemed to be some
22 disagreement amongst the First Lien Lenders and
23 different points of view, and I heard some
24 speculations around that, but I can't speak with
25 any definitive authority where people stood within

1 that Lien 1 group.

2 90 Q. So leaving names aside
3 and who was on which side of the debate --

4 A. Yeah.

5 91 Q. -- were you aware that
6 some of the First Lien Lenders were supportive of
7 the company's efforts to negotiate an extension of
8 the maturity date out to 2017 and 2018?

9 A. I know certainly RBC, as
10 a holder of Lien 1, was in support of that.

11 92 Q. Yes. Were you aware of
12 whether any other First Lien Lenders were in
13 support of that?

14 A. Not that anybody
15 specifically told me they were. I expect some
16 were, but I -- it's difficult for me to respond
17 any more -- any better than that.

18 93 Q. And were you aware that
19 if the credits had been extended, the maturity
20 dates had been extended, that the Second Lien Debt
21 would not be extinguished as part of that
22 extension?

23 A. Within the July
24 solicitation and support agreement, I am aware
25 that Lien 2 would not be extinguished at that

1 time.

2 And, if I can -- I am going to
3 go back to my earlier answer and say I believe we
4 must have thought there were a number of people in
5 addition to RBC who were open to that extended
6 debt or we would not have proceeded with a futile
7 effort on that solicitation agreement, so.

8 94 Q. And did you receive any
9 information that the -- there had been some

10 trading amongst the First Lien Lenders such that
11 the identity of the First Lien Lenders changed in
12 2014?

13 A. I am aware that, yes,
14 there was some trading and changes, yes.

15 95 Q. And after that trading
16 and changes, did the First Lien Lenders take a
17 different view as to whether the loans should be
18 extended?

19 A. We never had clarity on
20 what to expect from the full lending group, so I
21 can't say I am aware of change. I was aware that
22 we had -- we were optimistic that a number of
23 Lien 1 holders would support an extend, and we
24 knew there was some that would not. I didn't have
25 any confirmation as to who in what camps or what

1 percentages they represented, but we did have
2 optimism that there were a significant number of
3 members of Lien 1 camp that might support an
4 extension, hence our solicitation in July.

5 96 Q. All right. And that
6 solicitation, as far as your memory will serve
7 you -- so we have already discussed that it didn't
8 involve the extinguishment of the Second Liens,
9 did it involve the continued payment of the Second
10 Lien Advisor fees?

11 A. It excluded, to my
12 recollection, the payment of interest. I think it
13 was moot on the issue of professional fees.

14 97 Q. What was to be done with
15 the interest? Was it to be dealt with as a
16 payment-in-kind item?

17 A. That is -- the interest?

18 98 Q. Yes.

19 A. What was going to happen
20 within the interest to Second Lien?

21 99 Q. Yes.

22 A. Umm... I'd have to refer
23 to the specific document to answer that question.
24 We talked about a lot of different options,
25 including increasing rate of interest and other

1 options. So in that specific July agreement, I
2 would have to look at that agreement and find that
3 specific clause. But I am sure it is on the
4 record.

5 100 Q. It is in the record, we
6 don't need to look it up.

7 Now, before the consent and
8 support agreement was signed in September of 2014,
9 were you aware that certain of the First Lien

10 Holders were looking for the appointment of a
11 chief restructuring officer?

12 A. There had been
13 discussions to that effect, yes.

14 101 Q. Did it come to your
15 attention that certain of the First Lien Lenders
16 wanted to replace existing senior management?

17 A. It did not come to my
18 attention.

19 102 Q. After the consent and
20 support agreement was signed --

21 MS. KIMMEL: You are talking
22 about the September one?

23 MR. FINNIGAN: Yes.

24 MS. KIMMEL: Okay, just to be
25 clear.

1 BY MR. FINNIGAN:

2 103 Q. Was the requirement for
3 the appointment of a chief restructuring officer
4 dropped?

5 A. There was no requirement
6 in that September support agreement for a chief
7 restructuring officer.

8 104 Q. Okay, thank you.

9 So when did the negotiations
10 begin between the company and the First Lien
11 Lenders with respect to the consent and support
12 agreement?

13 MS. KIMMEL: You are talking
14 about the September?

15 MR. FINNIGAN: Yes.

16 MS. KIMMEL: Okay, I just want
17 to be sure we are clear about the time frame.

18 THE WITNESS: We had been
19 discussing with both Lien 1 and Lien 2 for in
20 excess a year various terms related to trying to
21 reach a consensual agreement. In fact, we worked
22 very, very hard for over a year to receive a
23 consensual agreement amongst all parties.

24 Our preference and strategy, as
25 evidenced by that July support agreement, was for

1 an amend and extend, but we failed to gain
2 support.

3 So we had to regroup at that
4 time and see if there was some other alternative
5 consensual agreement we could reach.

6 So we never stopped trying to
7 get that consensual agreement.

8 BY MR. FINNIGAN:

9 105 Q. Right.

10 A. I apologize, I think I
11 may have lost the thread of your question.

12 106 Q. So I am really looking
13 for the negotiations that, after you were
14 unsuccessful in the July extend agreement, and
15 negotiations toward an extension --

16 A. Yes, yes.

17 107 Q. -- did you then begin
18 negotiations that led to the September consent and
19 support agreement?

20 A. We started to examine
21 other alternatives because it was very clear we
22 could not get support for an amend and extend post
23 that July support agreement.

24 108 Q. Okay.

25 A. So we looked at a variety

1 of alternatives, I am sure, which ultimately
2 culminated in that September support agreement.

3 109 Q. And when did the company
4 receive a first draft of the term sheet for that
5 consent and support agreement?

6 A. Well, I recall
7 negotiating it -- or being part of the negotiating
8 September 4th. And that specific term sheet, I
9 guess I would have seen following that
10 September 4th meeting, and culminating in what was
11 actually issued on September 10th.

12 110 Q. Yes.

13 A. There may have been, both
14 in the July term sheet and others, related terms
15 or related items in those. But if you are asking
16 when did I see a term sheet --

17 111 Q. Yes.

18 A. -- it would have been
19 after that September 4th meeting.

20 112 Q. Okay.

21 I want to just see if I can
22 refresh your memory.

23 A. Okay.

24 113 Q. Here we go. Counsel, can
25 you please put before Mr. Nordal the minutes of

1 the board of directors meeting on August 22nd,
2 2014.

3 MS. KIMMEL: These are the
4 ones produced last week?

5 MR. FINNIGAN: Yes, I have an
6 extra copy. Here you go.

7 MS. KIMMEL: We have a copy
8 here.

9 THE WITNESS: I will use
10 yours.

11 BY MR. FINNIGAN:

12 114 Q. So just take a minute, I
13 want to direct your attention to the second page
14 under the heading "Update With Advisors Regarding
15 the Company Refinancing Initiatives and Discussion
16 Regarding the First Lien Term Sheet and Support
17 Agreement".

18 And there it says, in the
19 second last paragraph, it says:

20 "On Friday August 15th,
21 the company advisors
22 provided to the First Lien
23 Advisors a revised first
24 lien term sheet." [as read]

25 So I infer from that, that the

1 First Lien Advisors had provided a term sheet
2 before that?

3 A. Our advisors, both with
4 Lien 1 and Lien 2, had exchanged many, many drafts
5 and versions.

6 115 Q. Yes.

7 A. When you asked the
8 question about when I saw the term sheet, I
9 thought you were referring to something that was
10 in the form of the support agreement that was
11 actually signed.

12 116 Q. Yes.

13 A. We reviewed, both in
14 writing and verbally, based on the interactions
15 between various parties and advisors, numerous
16 alternative strategies, inputs, along the way.

17 So in response to your
18 question, again, when did I see the term sheet
19 that was ultimately signed in September, it would
20 have been after the negotiations we undertook in
21 New York, along with legal representation from
22 Goodmans.

23 117 Q. Right. And that meeting
24 was September the 4th, 2014?

25 A. I believe it was, yeah.

1 MR. FINNIGAN: Let's mark those
2 minutes of August 22nd, 2014, redacted minutes, as
3 Exhibit 1 on this examination, please.

4 EXHIBIT NO. 1: Redacted
5 Nelson Education Ltd.
6 Meeting of the board of
7 directors minutes, August
8 22, 2014.

9 BY MR. FINNIGAN:

10 118 Q. So I now want to direct
11 your attention, please, to your July 22nd,
12 affidavit. And we are still on the same theme of
13 the consent and support agreement in September.

14 So the paragraph I want to
15 direct your attention to is paragraph 16 on
16 page 6.

17 A. Yes.

18 119 Q. And just read that to
19 yourself, please.

20 A. I will go back a little
21 bit.

22 120 Q. Sure.

23 A. Yes, um-hmm.

24 121 Q. The second line, the
25 second sentence: Is that a correct statement,

1 where it says:

2 "Under the First Lien
3 Support Agreement, the
4 consenting First Lien
5 Lenders required the
6 company to agree to
7 continue its non-payment
8 of interest or other
9 amounts coming due under
10 the Second Lien Credit
11 Agreement, which at that
12 point had not reached its
13 maturity and had not yet
14 been declared by the
15 Second Lien Lenders to be
16 in default." [as read]

17 A. I believe that to be an
18 accurate statement.

19 122 Q. All right, so the
20 requirement to continue not to pay the interest
21 was a requirement of the First Lien Lenders?

22 A. It was in the term sheet,
23 yes.

24 123 Q. And the company agreed to
25 that --

1 A. Yes.

2 124 Q. -- at the request of the
3 First Lien Lenders?

4 A. We agreed to it. I don't
5 know -- I don't recall if it was specifically at
6 the request or how it emerged. I mean, I just
7 don't recall how we came to that specific
8 conclusion.

9 125 Q. Well, you stand by the
10 words you wrote in your affidavit?

11 A. I do, yes.

12 126 Q. Okay, thank you.
13 Did anyone tell you that the
14 First Lien Lenders would not agree to the term
15 sheet or the support agreement without that term;
16 that is, no payment to the Second Liens?

17 A. I had that understanding
18 that we would not get an agreement from First Lien
19 to not call on its loan if we agreed to that.

20 So I knew we had to have that
21 provision or First Lien would take other remedies
22 to resolve the indebtedness.

23 127 Q. And you came to that
24 understanding as a result of the negotiations you
25 participated in?

1 A. Yes.

2 128 Q. Thank you.

3 And has the company complied
4 with the terms of the consent and support
5 agreement?

6 A. To the best of my
7 knowledge we have.

8 129 Q. Thank you.

9 After the support agreement was
10 executed, did you participate in a conference call
11 with the lenders updating them on the support
12 agreement?

13 A. I believe I did. I would
14 have to check the records. Do you have a specific
15 reference in my affidavit? I had so many
16 conversations, but that does sound familiar to me
17 but I would like to be able to check my affidavit
18 or a record to confirm that.

19 130 Q. And I would like to be
20 able to show it to you, I am just looking for it.

21 A. Okay, yes.

22 131 Q. So what I have got is an
23 e-mail that attaches a report from an organization
24 called Reorg Research Alert.

25 A. Oh, yes.

1 132 Q. Dated Wednesday,
2 September 10, 2014, Subject: Nelson Education
3 Ltd. (Reorganize Research Intelligence Alert).

4 Just take a minute to look at
5 that, if you would.

6 A. Yes. I haven't read this
7 in a while, but I recall when it came out it made
8 me very angry.

9 133 Q. Okay.

10 MS. KIMMEL: Do you have an
11 extra copy of that, counsel?

12 MR. FINNIGAN: Sure.

13 THE WITNESS: I have, I think
14 you gave me a couple. Okay.

15 BY MR. FINNIGAN:

16 134 Q. So you have had a chance
17 to read this?

18 A. Yes.

19 135 Q. You have seen this
20 before?

21 A. I have. I haven't read
22 it in a very long time but, yes.

23 136 Q. Was this an accurate
24 record of what was discussed during the call?

25 A. Certainly not in its

1 entirety, no.

2 I mean, they have named a
3 company in here, Aikin Gump, I have never heard of
4 them before or since. I Googled them at the time.
5 But apparently they are my advisors; not true.

6 137 Q. So there was a mistake in
7 one of the descriptions of one of the law firms?

8 A. Among other things, yes.

9 I am sorry, what was the question?

10 138 Q. Is it an accurate record
11 of the events recorded?

12 A. No, it is not.

13 139 Q. In what way is it not
14 accurate?

15 A. They talk about a 10 per
16 cent cash interest rate, and this is not accurate.

17 140 Q. Was there a cash interest
18 rate?

19 A. There was, I believe it
20 was 6.75.

21 141 Q. Okay. Anything else
22 that's inaccurate?

23 A. Well that's a big one.

24 If you are going to ask me for
25 every inaccuracy, give me another minute, then,

1 now that I know where your question is going.

2 142 Q. Sure, yes.

3 A. I don't know at that
4 point in time whether the entire steering
5 committee had actually signed on, they had agreed
6 to it -- so that may be technical wording -- but
7 the steering committee had agreed, I just don't
8 know if they had "signed on" to anything at that
9 point.

10 143 Q. Okay.

11 A. And another option, the
12 Canadian bankruptcy procedure. I am not a lawyer,
13 I am not an expert on bankruptcy, but we always
14 talk about CCAA versus something under the
15 Bankruptcy and Insolvency Act, which I understand
16 is a distinction. So, I don't recall us ever
17 seriously contemplating that so I would call that
18 inaccurate.

19 I talked about the interest
20 rate.

21 The speculation that
22 McGraw-Hill was interested.

23 144 Q. Sorry, was that --

24 A. Generally, no other
25 specific inaccuracies are jumping out at me.

1 145 Q. Okay, thank you. We
2 better mark that as the next exhibit and we do so
3 without any waiver of privilege that attaches to
4 the communication, you see it's a transmittal from
5 the lawyer to the client. That will be Exhibit 2,
6 please.

7 EXHIBIT NO. 2: E-mail,
8 Reorg Research Alert,
9 Subject: Nelson Education
10 Ltd. (Reorg Research
11 Intelligence Alert) -
12 Nelson Education Executes
13 RSA with Lenders.

14 MS. KIMMEL: I assume you are
15 just marking it for identification purposes?
16 Obviously this witness wasn't privy to the
17 document at the time, he has given you his
18 observations about it.

19 MR. FINNIGAN: Well I am
20 marking it as an exhibit, we can argue -- he has
21 admitted he has seen it before, I have asked him
22 questions about it, so I think it should be an
23 exhibit, that's the position that I take.

24 MS. KIMMEL: We can deal with
25 it, what it means, if you try to use it for any

1 purpose in evidence, but you have his testimony on
2 the record anyway.

3 MR. FINNIGAN: Okay, thank
4 you.

5 BY MR. FINNIGAN:

6 146 Q. Sir, you are aware that
7 Heritage Canada had to be consulted in respect of
8 this proposed transaction?

9 A. Yes.

10 147 Q. And did you have any
11 dealings with Heritage Canada?

12 A. At this specific time on
13 this specific question, no.

14 I had multiple and extensive
15 interactions with Heritage Canada in previous
16 years.

17 148 Q. I see. So you are
18 telling me, in respect of this transaction, you
19 did not have any dealings with Heritage Canada?

20 A. I did not personally, no.

21 149 Q. Did others on your
22 behalf?

23 A. I believe my legal
24 counsel was kept up to date on discussions that
25 were happening between representatives of the

1 First Lien Lending Group with Heritage Canada. So
2 I personally had no direct interaction with
3 Heritage over this.

4 150 Q. And did you have an
5 understanding of what the involvement of Heritage
6 Canada was in respect of the transaction?

7 A. Yes.

8 151 Q. And what was it?

9 A. Heritage Canada, under
10 the terms of the Investment Canada Act, has
11 certain oversight over cultural based industries,
12 including publishing and Nelson Education. And my
13 understanding, without direct involvement, is that
14 the First Lien Lending Group was of the position
15 that this transaction, as contemplated within the
16 support agreement, fell under an exemption to the
17 Act, specifically because it pertained to the
18 realization of a security, secured loan. And that
19 is my understanding of what the dialogue with
20 Heritage Canada was about.

21 152 Q. Do you have any documents
22 that relate to that understanding that you have
23 just given me, that it was an exemption because it
24 was the realization on a secured loan?

25 A. My understanding was that

1 Heritage would provide no documentation to this
2 effect. Which was not a surprise to me, based on
3 prior experience with Heritage.

4 153 Q. Right.

5 A. I may have had -- I have
6 had conversations, certainly, with my counsel, but
7 I can't speak to whether I have any correspondence
8 or anything of that nature, no documents for sure.

9 154 Q. What I am interested in,

10 are you aware of any written representation that
11 may have been made to Heritage Canada that this
12 was a security realization transaction therefore
13 exempt?

14 A. I am not sure what
15 details were provided by the Lien 1 group or
16 Goodmans to Heritage Canada in support of their
17 contention that this should be an exemption.

18 I know there were phone calls
19 and conversations, but I don't recall what, if
20 any, specific documents were provided.

21 I would expect -- so, I
22 don't -- I am not sure.

23 155 Q. Have you been provided
24 with everything that the First Liens would have
25 provided to Heritage Canada?

1 A. I don't believe so.

2 156 Q. Have you been provided
3 with anything that the First Liens provided to
4 Heritage Canada?

5 A. I don't think I have. I
6 can't speak for my legal representation, but I
7 have not, I don't believe.

8 157 Q. So I would like an
9 undertaking to advise and if there are such
10 documents in the possession of yourself or your
11 counsel, these are documents emanating from the
12 First Lien Lending Group to Heritage Canada, and
13 specifically, I am interested -- I want to have a
14 general undertaking for any and all documents in
15 your position and, specifically, I would like to
16 know about any documents in which any
17 representation was made that the transaction was a
18 realization of security by the First Lien Lenders?

19 MS. KIMMEL: I think you have
20 our position on this already, counsel, but just to
21 be clear about it, the position, which I will read
22 to you so that I don't get it wrong.

23 The company's position has not
24 changed with respect to the production of
25 documents that were presented to Heritage Canada,

1 which was recorded in an e-mail that was sent by
2 Mr. Chadwick to your firm, Mr. Finnigan, on
3 July 7th at 6:33 p.m., in which he said:

4 "The company does not
5 believe that its
6 communications with
7 Heritage Canada can be
8 disclosed in the
9 circumstances as: 1, they

10 are primarily related to
11 new shareholder ownership
12 and information matters
13 related to the proposed
14 transaction, and; 2,
15 section 36.1 of the
16 Investment Canada Act
17 provides that such
18 information is privileged
19 and that no one shall
20 communicate such
21 information or allow
22 anyone to inspect or have
23 access to such
24 information.."[as read]

25 We note that in response to

1 Mr. Chadwick's July 7th e-mail, your firm,
2 Mr. Finnigan, indicated that it might bring a
3 motion if necessary to obtain this information.
4 To date no such motion has been brought forward by
5 RBC.

6 The company remains of the view
7 that it is not in a position to disclose its
8 communications with Heritage Canada. The position
9 is consistent with the recent findings in the
10 May 19, 2015, decision in U.S. Steel Canada Inc.

11 MR. FINNIGAN: Thank you for
12 that restatement of your position. We, of course,
13 disagree with it. But, be that as it may, our
14 question is on the record.

15 MS. KIMMEL: Just to be clear,
16 that position was communicated not only on
17 July 7th, but also when we transmitted the
18 responses to document requests on July 31st, last
19 week.

20 MR. FINNIGAN: We found it no
21 more persuasive the second time than the first.

22 BY MR. FINNIGAN:

23 158 Q. Do you know whether
24 Heritage Canada knows that RBC is the only
25 Canadian financial institution within the First

1 Lien Lender Group?

2 A. I don't know what they
3 know about the lending group.

4 159 Q. Do you know if Heritage
5 Canada was informed that RBC is the only First
6 Lien Lender that did not execute the support
7 agreement?

8 A. Again, I don't know what
9 they were told or what they know about the lending
10 group.

11 160 Q. Do you know whether
12 Heritage Canada has been provided with a copy of
13 the support agreement?

14 A. I don't know.

15 161 Q. Do you know whether the
16 identity of the holders of the First Lien Debt has
17 been disclosed to Heritage Canada?

18 A. I don't know that. I
19 just don't know, no.

20 162 Q. Would there be somebody
21 else at the company that might know the answers to
22 the questions I just asked you?

23 A. No. If I don't know,
24 nobody knows.

25 163 Q. Would your counsel know

1 the answers to those questions?

2 A. I don't know if my
3 counsel would. I know that counsel Lien 1 would
4 know.

5 164 Q. To the extent that your
6 counsel, Goodmans, knows the answers to the
7 questions I just posed, I would like an
8 undertaking to disclose that information?

9 U/A MS. KIMMEL: Take that under
10 advisement.

11 BY MR. FINNIGAN:

12 165 Q. Do you know whether
13 Heritage Canada has been provided with a copy of
14 the stockholders rights and registration
15 agreement?

16 A. I don't know.

17 166 Q. I would ask for the same
18 undertaking from counsel.

19 U/A MS. KIMMEL: Same position.

20 I am going to ask you to send
21 me a list of all the things that you specifically
22 are requesting that we respond to, because I have
23 been trying to keep up but I haven't necessarily
24 kept up with every single thing you have asked
25 for. Because the witness says he doesn't know,

1 you can keep asking your questions, his answer is
2 going to be the same. But if you have a specific
3 list of particular things that you want to know if
4 they were or were not told, we are taking it all
5 under advisement, I would like you to send it to
6 me.

7 MR. FINNIGAN: Yes, I am going
8 to order the transcript, expedited, and we will
9 give you a list.

10 MS. KIMMEL: I am sure you
11 have some notes, if you want to help expedite the
12 answer.

13 BY MR. FINNIGAN:

14 167 Q. One of the documents
15 attached to the asset sale agreement, or referred
16 to at least, is something called the payment and
17 settlement agreement. Are you aware of that
18 document?

19 A. Could you show me the
20 document?

21 168 Q. Yes.

22 A. I may have seen it and
23 the name is not registering, not on this one.

24 169 Q. I have got one loose copy
25 of it.

1 MS. KIMMEL: Which exhibit is
2 it?

3 MR. FINNIGAN: It was appended
4 to -- in the motion record I got, the document
5 itself is not there, simply its title is there.

6 MS. KIMMEL: Where is it,
7 though?

8 MR. FINNIGAN: It was attached
9 to Mullett's affidavit, I believe. Dean Mullett's
10 affidavit.

11 MS. KIMMEL: Exhibit G,
12 payment and settlement agreement?

13 MR. FINNIGAN: Yes.

14 MS. KIMMEL: So you are saying
15 what you have handed Mr. Nordal right now is
16 Exhibit G to the asset purchase agreement?

17 MR. FINNIGAN: As far as we
18 are aware, yes.

19 MS. KIMMEL: When you say as
20 far as you are aware, have you physically taken it
21 out of --

22 MR. FINNIGAN: It was provided
23 by your firm to us.

24 MS. KIMMEL: I just personally
25 haven't seen it before. I just want your

1 representation, since you are cross-examining my
2 client, that you have taken a copy of what came as
3 Exhibit G to the asset purchase agreement and that
4 is what you have handed him.

5 MR. FINNIGAN: This document
6 came to us from Mr. Chadwick. I don't know if
7 it's the same one that is attached there, but we
8 asked for the document, Mr. Chadwick provided us
9 with what is in the witness' hands right now.

10 MS. KIMMEL: Okay, I will take
11 your representation to that effect.

12 So I think the first question
13 is if you have seen this, familiar with it.

14 THE WITNESS: I am not
15 familiar with it. I may have seen it.

16 BY MR. FINNIGAN:

17 170 Q. So my question is: Are
18 the allocations of shares and debt in the -- after
19 the transaction closes, you understand that the
20 First Lien Lenders are going to take some shares
21 and they are going to have a new debt instrument;
22 correct?

23 A. Yes.

24 171 Q. Now my question is: Is
25 the allocation of shares and debt amongst the

1 First Lien Lenders exactly proportionate to their
2 existing holdings of the First Lien Debt?

3 A. My understanding is that
4 they will be prorated with their holding of First
5 Lien Debt.

6 172 Q. And the same? Exactly
7 the same? So if I had 8 per cent of the First
8 Lien Debt now, I am going to have 8 per cent of
9 the shares and 8 per cent of the new note; is that
10 your understanding?

11 A. I can't speak -- that is
12 my understanding. But the note -- I am thinking
13 about that, but certainly from an equity in the
14 shares point of view that is my understanding.
15 And I believe that is the case with the debt, but
16 I can't confirm that.

17 I am not sure how they arranged
18 the \$200 million debt instrument. That might have
19 been done differently than the actual ownership
20 structure.

21 173 Q. And are you aware if
22 there is any distinction in the treatment or the
23 allocation of the shares and the debt between
24 consenting and non-consenting First Lien Holders?

25 A. I am not aware of any

1 difference in terms of how these should be
2 allocated between consenting and non-consenting.

3 174 Q. All right, so, counsel,
4 to the extent that your information, your firm's
5 information is any different than what Mr. Nordal
6 just told me, would you please let me know?

7 U/A MS. KIMMEL: I will take that
8 under advisement.

9 MR. FINNIGAN: I think we need
10 to mark that as an exhibit, the document I handed
11 across.

12 EXHIBIT NO. 3: Payment
13 and settlement agreement.

14 BY MR. FINNIGAN:

15 175 Q. So I take it, did you
16 understand at the time the support agreement was
17 signed that a court proceeding would be required
18 to complete the sale transaction contemplated by
19 the agreement?

20 A. No.

21 176 Q. When did you come to that
22 understanding, that you have to be in a CCAA
23 proceeding?

24 A. When all other efforts to
25 sell the business or achieve an otherwise

1 consensual agreement failed.

2 177 Q. So in the event that
3 those other efforts failed, was it your
4 understanding that a court proceeding would be
5 required to complete the transaction?

6 A. I understood it to be a
7 very distinct possibility if those other efforts
8 failed.

9 178 Q. Even if you had found a
10 purchaser as part of your process, was it not your
11 understanding that a court proceeding would be
12 necessary in order to complete the sale?

13 A. No, that was not my
14 understanding.

15 179 Q. And did you think the
16 company could complete a sale even if it was
17 insolvent, without court approval?

18 A. I felt the company could,
19 if we got the right value on the transaction,
20 could consummate a sale that could satisfy both
21 Lien 1 and potentially others, including Lien 2,
22 to the extent that we could avoid a courtroom
23 proceeding.

24 180 Q. You were aware that the
25 Second Lien Lenders were not supporters of the

1 consent and support agreement?

2 A. I was aware that RBC, as
3 the primary holder of Lien 2, was not supportive
4 of that agreement.

5 181 Q. And how did you think
6 that you were going to have a sale approved over
7 their objection without a court process?

8 A. My expectation, or hope,
9 was that we could achieve a transaction value
10 through a robust sales process that would net
11 proceeds which would allow us to offer anything
12 beyond the First Lien to Lien 2 in settlement of
13 that obligation.

14 182 Q. So are you aware that
15 counsel for the Second Liens, my firm and a New
16 York firm, Paul Hastings, were corresponding with
17 your lawyers, objecting to the process and the
18 support agreement?

19 A. I knew there was definite
20 correspondence, and I knew there was not complete
21 satisfaction with it. I don't know the depth of
22 those complaints or the specific elements of those
23 complaints. But, yes, I knew there was
24 contention.

25 183 Q. All right, so I am going

1 to show you a letter, September 16, 2014, from the
2 Paul Hastings firm to Mr. Chadwick, and you let me
3 know whether this letter was brought to your
4 attention at or about the date it was sent?

5 A. It doesn't look familiar
6 to me. I am not saying I haven't seen it, but I
7 do not recall seeing it.

8 184 Q. Counsel, can you please
9 confirm that this was a letter that was received
10 by your firm on behalf of the company acting as
11 counsel to the company? An undertaking is fine.

12 U/A MS. KIMMEL: Take it under
13 advisement.

14 MR. FINNIGAN: This will be
15 Exhibit 4, please, Letter dated September 16, 2014
16 to Mr. Chadwick from Mr. Paul Hastings.

17 EXHIBIT NO. 4: Letter
18 from Paul Hastings law
19 firm to Robert Chadwick at
20 Goodmans LLP, dated
21 September 16, 2014, Re:
22 Nelson Education Ltd.

23 MS. KIMMEL: Are you marking
24 it for identification purposes?

25 MR. FINNIGAN: I am marking it

1 as an exhibit. I can't imagine you are not going
2 to confirm that you received the letter, so I am
3 marking it as an exhibit.

4 MS. KIMMEL: Stranger things
5 have happened, who knows. But I personally wasn't
6 involved at time, so I can't confirm it.

7 BY MR. FINNIGAN:

8 185 Q. Next is a letter dated
9 October 1st, 2014, from Paul Hastings to

10 Mr. Chadwick, same questions. Number 1, have you
11 seen this letter before?

12 MS. KIMMEL: Are you planning
13 to show the witness any of the responses to these
14 letters or are you just going to selectively show
15 him --

16 MR. FINNIGAN: I am going to
17 show him the letters I have in my pile.

18 MS. KIMMEL: Which are all
19 just your letters, I take it?

20 MR. FINNIGAN: Royal Bank...
21 Paul Hastings... Yes.

22 THE WITNESS: I don't recall
23 seeing it.

24 BY MR. FINNIGAN:

25 186 Q. So the same undertaking,

1 please, please confirm that this was a letter sent
2 by Paul Hastings and received by Goodmans?

3 Exhibit 5.

4 U/A MS. KIMMEL: Again, right now
5 it is being marked, I guess, for identification
6 purposes.

7 I am just going to tell you
8 now, we are taking this under advisement, but if
9 you are going to mark all of these, and I am going
10 to be asked go back and verify that they were
11 received, if and when we respond we are going to
12 be including in the responses whatever responding
13 correspondence is associated with these letters.

14 MR. FINNIGAN: I will look
15 after my evidence, and you look after yours, and
16 we will both do our jobs hopefully.

17 MS. KIMMEL: I am just telling
18 you that is how it is going to come in, so it will
19 all be part of the same record.

20 MR. FINNIGAN: Exhibit 5, is
21 the letter dated October 1st, 2014.

22 EXHIBIT NO. 5: Letter
23 from Paul Hastings law
24 firm, to Robert Chadwick
25 at Goodmans LLP, dated

1 October 1, 2014, Re:

2 Nelson Education Ltd.

3 BY MR. FINNIGAN:

4 187 Q. Next is a letter dated
5 October 13, 2014, from Leslie Sobel, S-o-b-e-l, at
6 Royal Bank of Canada to Jeffery Rose at Wilmington
7 Trust, indicated to be copied to Nelson Education
8 and Rob Chadwick. Can you let me know if you have
9 seen that letter before?

10 A. I have seen more than one
11 letter from Leslie Sobel, whether I have seen this
12 specific one, I am not sure. But I have seen
13 correspondence from RBC counsel indicating their
14 dissatisfaction as to where things stood.

15 188 Q. Okay, can you just look
16 at the text of the letter just to see if it
17 refreshes your memory any further?

18 A. Okay.

19 189 Q. Does it refresh your
20 memory any further as to whether you have seen
21 this letter before?

22 A. This specific letter, no,
23 it does not refresh my memory. But I am
24 acknowledging that I have received letters from
25 Leslie Sobel, this may have been one of them, I

1 don't recall the specific text.

2 190 Q. I would like you to check
3 your records and determine if this letter is in
4 your file and, if so, please advise me by way of
5 undertaking --

6 A. Okay.

7 191 Q. -- and also, counsel,
8 please advise whether this letter is in your file
9 and is a letter that was received by the Goodmans
10 firm?

11 U/A MS. KIMMEL: Take that under
12 advisement.

13 MR. FINNIGAN: Exhibit 6,
14 please, letter dated October 13, 2014.

15 EXHIBIT NO. 6: Letter
16 from Leslie J. Sobel, RBC,
17 to Jeffrey Rose,
18 Wilmington Trust, National
19 Association, dated October
20 13, 2014, Re: Nelson
21 Education Ltd.

22 BY MR. FINNIGAN:

23 192 Q. Next is a letter from
24 Paul Hastings, November 18, 2014, to Mr. Chadwick
25 at Goodmans.

1 Goodmans LLP, dated
2 November 18, 2014, Re:
3 Nelson Education Ltd.

4 U/A MS. KIMMEL: Same position,
5 under advisement.

6 BY MR. FINNIGAN:

7 197 Q. And, finally, I have a
8 letter dated April 13, 2015, from the Goodmans --
9 to the Goodmans firm from my firm. Can you
10 confirm whether you have seen that letter before,
11 please?

12 A. Are you asking me if I
13 have seen this before?

14 198 Q. Yes.

15 A. I may have, but I do not
16 recall seeing it.

17 199 Q. All right, I ask for the
18 same undertakings, just to confirm that this
19 letter was received by the Goodmans firm?

20 U/A MS. KIMMEL: Same position,
21 under advisement.

22 MR. FINNIGAN: Thank you, this
23 will be Exhibit 8.

24 EXHIBIT NO. 8: Letter
25 from Thornton Grout

1 Finnigan LLP to Goodmans

2 LLP, dated April 13, 2015.

3 BY MR. FINNIGAN:

4 200 Q. Sir, does RBC currently
5 provide cash management services to the company?

6 A. They do.

7 201 Q. And have alternate
8 arrangements been made for another cash
9 management -- for another bank to provide those
10 services?

11 A. Recently we have made an
12 arrangement with another bank to take on those
13 cash management responsibilities in some weeks
14 from now.

15 202 Q. Is that a Schedule 1
16 Canadian chartered bank?

17 A. Yes.

18 203 Q. And will those
19 arrangements be concluded to the satisfaction of
20 the Royal Bank of Canada? Is that a term of those
21 arrangements, that the Royal Bank has to be
22 satisfied with the cash management arrangements
23 and the transition to the new cash management
24 firm?

25 A. I have not seen a final

1 agreement or plan between the two firms. I have
2 been informed that there is an arrangement in
3 place, but I am not sure of the specific terms and
4 conditions. I would expect we would do it in
5 terms that are satisfactory to RBC.

6 MS. KIMMEL: I take it you are
7 asking in RBC's capacity as the cash manager, not
8 in its capacity as the Second Lien Lender?

9 MR. FINNIGAN: Yes, as cash
10 manager. Yes, that's correct.

11 BY MR. FINNIGAN:

12 204 Q. Sir, I am showing you the
13 Nelson Education Ltd. consolidated financial
14 statements for the year ended March 31st, 2015.
15 Can you identify those for me as the financial
16 statements of Nelson Education?

17 A. They appear to be such.

18 MR. FINNIGAN: Mark that as the
19 next exhibit.

20 THE WITNESS: These were
21 prepared for a special purpose.

22 MS. KIMMEL: Just so I know
23 where these are from, these aren't audited, I take
24 it?

25 MS. MILLER: Yes, they are.

1 MS. KIMMEL: They are?

2 THE WITNESS: They are for
3 special purposes, they are not intended for all
4 possible uses related to financial statements, but
5 they were audited as far as they go, um-hmm.

6 BY MR. FINNIGAN:

7 205 Q. Is there another set of
8 audited statements for the period ended March 31,
9 2015?

10 A. No, no.

11 206 Q. These are it?

12 A. Yes.

13 MS. KIMMEL: Can you identify
14 where you got these? Because my understanding is
15 that these were -- there were restrictions on what
16 could be done with these statements by the
17 auditors and who could have them.

18 MR. FINNIGAN: Yes, I believe
19 the First Lien Lenders can have them, and RBC is a
20 First Lien Lender.

21 MS. KIMMEL: Okay, but I am
22 not sure the Second Lien Lenders can have them.
23 So I don't know what we are going to do about them
24 if you are proposing to mark these as an exhibit
25 or put them on the Court record in the context of

1 these proceedings.

2 MR. FINNIGAN: I am. But we
3 can talk about it.

4 MS. KIMMEL: Okay, well we
5 might need to create a separate transcript about
6 this until we sort it out. I don't know what the
7 limitations are from the auditors with respect to
8 what, who can have and use these, but.

9 BY MR. FINNIGAN:

10 207 Q. So I want to direct your
11 attention, look at the independent auditors
12 report. Do you have that?

13 A. Yes.

14 208 Q. And in the first
15 paragraph, the second sentence, it says:

16 "The financial statements
17 have been prepared by
18 management of Nelson
19 Education in accordance
20 with the financial
21 reporting provisions of
22 the basis of presentation
23 agreement (the Agreement),
24 between Nelson Education
25 Ltd. and 682534 NB Inc.

1 (the Purchaser pursuant to
2 the proposed asset
3 agreement)."[as read]

4 Do you have with you a copy of
5 the basis of presentation agreement?

6 A. No, I do not.

7 209 Q. Can you please produce
8 it?

9 U/A MS. KIMMEL: I will take that

10 under advisement. Is it not something that the
11 First Lien Lenders have? Do you know if it's
12 something that was distributed to the First Lien
13 Lenders?

14 MR. FINNIGAN: I do not know,
15 as I sit here.

16 BY MR. FINNIGAN:

17 210 Q. Do you know whether the
18 monitor has a copy of these statements?

19 A. I don't know.

20 MR. FINNIGAN: Mark them as
21 the next exhibit, please, subject to the
22 reservation that counsel expressed.

23 MS. KIMMEL: I think right now
24 if you are going to mark these as an exhibit they
25 should be a sealed exhibit. I know we already

1 have some sealed exhibits in these proceedings,
2 but I just don't want to run afoul of anything
3 with respect to this until I know what the
4 restrictions are.

5 MR. FINNIGAN: So we will mark
6 it as exhibit, and I have noted your concern, and
7 I will undertake to have a discussion with you to
8 try to resolve that concern, and, if not, we will
9 have to get some direction from the Court as to
10 the use of the exhibit.

11 MS. KIMMEL: So I would like
12 your undertaking that if we can't resolve it that
13 you are not going to file it in a public filing
14 until we either resolve it or get a direction from
15 the Court, because I just want to be seen to have
16 agreed to something that we aren't supposed to be
17 agreeing to.

18 MR. FINNIGAN: I understand.
19 And that's fine. We will bring it to court -- if
20 we intend to rely on it, we will bring it to court
21 in a sealed envelope and we will await His
22 Honour's ruling on it.

23 MS. KIMMEL: Okay.

24 EXHIBIT NO. 9: Nelson
25 Education Ltd.

1 consolidated financial
2 statements for the year
3 ended March 31st, 2015.

4 MR. FINNIGAN: That's actually
5 a spot for a break, I want to check some notes and
6 come back for a clean-up.

7 --- Upon recess at 11:12 a.m.

8 --- Upon resuming at 11:32 a.m.

9 MS. KIMMEL: Just before you
10 go ahead, Mr. Finnigan, I just want to -- you have
11 asked some questions about Exhibit 9, which is the
12 confidential exhibit that we have marked, and just
13 looking back over our understandings of this
14 exhibit and who has it, I would like, before we
15 answer any further questions about it, for you to
16 tell us exactly where you got it from.

17 MR. FINNIGAN: The First Lien
18 Agent was --

19 MS. MILLER: RBC received it
20 as First Lien Lender, and we can confirm that the
21 statements have not been provided to the Second
22 Lien Lenders if that's your question. But RBC has
23 it, obviously.

24 MS. KIMMEL: And RBC was given
25 it by the First Lien Agent; is that correct?

1 MS. MILLER: We can confirm
2 that, but.

3 MR. VOWELL: Yes.

4 MR. FINNIGAN: Yes.

5 BY MR. FINNIGAN:

6 211 Q. Sir, I am showing you the
7 Notice of Examination that was served on your
8 counsel for this examination.

9 A. This says 4th of August,
10 which is today.

11 212 Q. Today. Yes.

12 A. Okay.

13 213 Q. So this is the document
14 that was sent to require your attendance here
15 today, sir?

16 A. Uh-huh.

17 214 Q. And did you receive this,
18 a copy of this Notice of Examination?

19 A. I don't think I did. I
20 was told, obviously, to be here and here I am, so.

21 215 Q. Yes. And did you search
22 for any documents in relation to the requests for
23 documents set out in the notice?

24 A. I have done search for
25 documents. Can I just read it and see --

1 216 Q. Absolutely.

2 A. -- what are the documents
3 referred to.

4 MS. KIMMEL: It's a long list.

5 THE WITNESS: Yes, I did
6 search extensively our e-mail base in compliance
7 with the request from Goodmans to do so.

8 BY MR. FINNIGAN:

9 217 Q. And you provided your

10 counsel with the documents that were responsive to
11 the notice?

12 A. Yes. I did, yes.

13 218 Q. And in terms of the
14 documents that have been produced, the only
15 documents that I am aware of are the redacted
16 minutes of the board meetings.

17 A. I had -- I have provided
18 counsel with some e-mails related to these
19 requests as well.

20 219 Q. And I have not been
21 provided with any e-mails relating to these
22 requests and, counsel, the reason for that is,
23 why?

24 MS. KIMMEL: As explained to
25 you in many communications that we have had on the

1 subject over the past few days, the documents that
2 you have requested are documents that fall into a
3 category of privilege that, up until last night
4 when you had a surprising reversal of position,
5 RBC had asserted were privileged, namely documents
6 which reflect negotiations between either the
7 First Lien Lenders and the Second Lien Lenders
8 directly with the company acting as intermediary,
9 or negotiations with, respectively, the First Lien
10 Lenders and the Second Lien Lenders on matters
11 that are the subject of these proceedings and in
12 dispute, and that, as all parties know, have been
13 in some level of dispute for a period of time.

14 And in light of RBC's position,
15 the company had respected RBC's wishes with
16 respect to privilege being respected in connection
17 with negotiations, I had redacted those
18 negotiations and any recordings of those
19 negotiations from the board minutes, both for
20 purposes of reflection of dealings with the Second
21 Lien Lenders and the First Lien Lenders, that is
22 why you have the redacted board minutes.

23 And the correspondence that you
24 asked for falls into a similar category of
25 privilege, which has been extensively explained to

1 you in correspondence, and I am not going to
2 repeat here on the record.

3 BY MR. FINNIGAN:

4 220 Q. So you are not prepared
5 to waive the assertion of settlement privilege in
6 harmony with the bank's waiver of settlement
7 privilege, if any exists?

8 MS. KIMMEL: I think what I
9 said to you last night when we received, quite to
10 our surprise, the reversal of position by RBC on
11 this issue, that we had not had a chance to fully
12 consider it, and I wouldn't say we are or we are
13 not prepared. I think there is another party
14 involved here, the First Lien Lenders who we have
15 to consult with and understand their position, and
16 given that most of what you are looking for is in
17 respect of dealings with them, although it does
18 include a reflection of positions of the Second
19 Lien Lenders as well.

20 So I think, for purposes of
21 today, what I can tell you is that we haven't
22 changed or reversed any position. We are not
23 aware that the First Lien Lenders have changed or
24 reversed any position on this. And, therefore, we
25 are maintaining the status quo.

1 BY MR. FINNIGAN:

2 221

Q. All right, so you

3 maintain the assertion of privilege and the
4 redaction -- so you are going to withhold
5 documents on the basis of settlement privilege and
6 redact from board minutes extracts that you say
7 reflect the negotiating positions of the parties
8 last summer, between March and September of last
9 year? So far I am correct, you are maintaining
10 your assertion of settlement privilege over those?

11 MS. KIMMEL: I think it is not

12 only the company's assertion, I think it is also a
13 consistent position that all of the parties had
14 taken, and we haven't had a chance to fully
15 consider the implications of RBC's reversal and
16 change of its position and waiver of its
17 privilege, which we only learned about yesterday.

18 BY MR. FINNIGAN:

19 222

Q. And is there any other

20 privilege that you assert other than the
21 settlement privilege that we have discussed so
22 far?

23 MS. KIMMEL: There are some

24 entries, particularly in the board minutes, that
25 were the subject of solicitor-client privilege and

1 would be -- the redactions would be maintained
2 regardless, but. So, yes, there is
3 solicitor-client privilege of advice from counsel
4 that is in the board minutes that would continue
5 to be redacted regardless of what parties'
6 positions may be on the settlement privilege
7 issue.

8 BY MR. FINNIGAN:

9 223 Q. So settlement privilege,
10 solicitor-client. Anything else?

11 MS. KIMMEL: Well there is a
12 common interest privilege, which I have also
13 explained to you in the course of the
14 correspondence that we have had over this over the
15 past few days, Mr. Finnigan.

16 BY MR. FINNIGAN:

17 224 Q. Let's go through these in
18 a little more detail.

19 So we can agree that all that
20 has been produced in response to the Notice of
21 Examination are the redacted board minutes? That
22 is all I am aware that I got.

23 MS. KIMMEL: I believe that's
24 accurate, yes.

25 BY MR. FINNIGAN:

1 unredacted set for yourself so you can answer
2 these questions?

3 MS. KIMMEL: I have my notes
4 and the redaction tape that I placed on these
5 documents when I reviewed them before they were
6 produced to you, which I am referring to in order
7 to the answer these questions.

8 BY MR. FINNIGAN:

9 229 Q. But you are satisfied

10 that you are not guessing, you can tell me what
11 the basis of the assertion of privilege is in
12 these docs?

13 MS. KIMMEL: I am basing it on
14 my notes that I made when I was reviewing them not
15 a few days ago before they with produced.

16 BY MR. FINNIGAN:

17 230 Q. So to the extent this
18 becomes an issue at the hearing of the motion,
19 will you have an unredacted version for His Honour
20 available?

21 MS. KIMMEL: Yes, although I
22 would be surprised that we would be fighting about
23 solicitor-client privilege assertions at this
24 motion.

25 BY MR. FINNIGAN:

1 231 Q. Okay, the next board
2 minute, I would like to refer you to is
3 March 20th, 2014, I will give you a copy of that
4 one.

5 Sir, do you recognize that as a
6 board minute of Nelson Education? It does look
7 like a redacted version.

8 A. Um-hmm, yes.

9 MR. FINNIGAN: We are going to
10 mark that as the next exhibit, please.

11 EXHIBIT NO. 10: Redacted
12 copy of the March 20th,
13 2014, Nelson Education
14 Board meeting minutes.

15 BY MR. FINNIGAN:

16 232 Q. Meting --

17 MS. KIMMEL: Do you have an
18 extra copy? Since you are marking these loosely
19 and not in the form that they were provided, can I
20 just have a copy so I have an exhibit copy?

21 MR. FINNIGAN: I only have one
22 extra with me.

23 BY MR. FINNIGAN:

24 233 Q. So Exhibit 10 is the
25 March 20, 2014 minute. Page 2 has a redaction,

1 please advise me of the basis of that?

2 MS. KIMMEL: That is
3 solicitor-client privilege.

4 BY MR. FINNIGAN:

5 234 Q. Does that redaction
6 reflect the position of the First Lien Ad Hoc
7 Committee?

8 MS. KIMMEL: I don't believe
9 so. No.

10 BY MR. FINNIGAN:

11 235 Q. Okay. Okay, we can put
12 that one away. We should also mark the Notice of
13 Examination.

14 EXHIBIT NO. 11: Notice of
15 examination.

16 BY MR. FINNIGAN:

17 236 Q. Next is March, the
18 minutes of March 27, 2014, are those minutes of
19 the board meeting on that date?

20 A. They appear to be a
21 redacted version, yes.

22 MR. FINNIGAN: Exhibit 12,
23 please.

24 EXHIBIT NO. 12: Redacted
25 copy of the March 27th,

1 2014, Nelson Education

2 Board meeting minutes.

3 BY MR. FINNIGAN:

4 237 Q. And, counsel, on page 2,
5 there is two sets of redactions?

6 MS. KIMMEL: Yes.

7 BY MR. FINNIGAN:

8 238 Q. So what is the basis for
9 the redaction on page 2?

10 MS. KIMMEL: The first
11 redaction on page 2, is a reporting under
12 settlement privilege of negotiations with the
13 First and Second Lien Lenders.

14 And the second redaction,
15 relates to the status of negotiations in that same
16 vein, settlement privilege.

17 BY MR. FINNIGAN:

18 239 Q. So that's the status
19 versus any terms of the settlement, it's just --

20 MS. KIMMEL: I mean, for that
21 one I am happy to read you what it says, it
22 pertains to your client. I am not going to go
23 through the exercise of trying to disentangle
24 every single comment where they are related but
25 this one particularly is just in relation to RBC.

1 If you have waived privilege and you want me to
2 let it all hang out.

3 MR. FINNIGAN: But you
4 haven't, and you say you need the consent of
5 somebody else, so.

6 MS. KIMMEL: Well for the ones
7 relating to the First Lien Lenders, I do. But for
8 the ones that relate specifically to RBC. But
9 anyway, you can decide what you want to do about
10 that. That one, that particular one, the second
11 one on page 2 of this minute, happens to only
12 relate to RBC.

13 MR. FINNIGAN: Okay, we will
14 come back to you on that one.

15 BY MR. FINNIGAN:

16 240 Q. And on the last page,
17 there is a redaction as well?

18 MS. KIMMEL: This one is
19 solicitor-client privilege.

20 It also probably deals with
21 settlement privilege. It also probably covers
22 both, just to be fully comprehensive.

23 BY MR. FINNIGAN:

24 241 Q. Next is the minute of
25 April 7, 2014. Do you recognize that as the

1 minute of the board meeting that day, sir?

2 A. It appears to be that, in
3 a redacted version.

4 MR. FINNIGAN: Okay,
5 Exhibit 13, please.

6 EXHIBIT NO. 13: Redacted
7 copy of the April 7th,
8 2014, Nelson Education
9 Board meeting minutes.

10 BY MR. FINNIGAN:

11 242 Q. Counsel, on page 2 there
12 is a redaction?

13 A. Yes.

14 243 Q. And the basis?

15 MS. KIMMEL: It's both
16 settlement privilege and solicitor-client
17 privilege.

18 BY MR. FINNIGAN:

19 244 Q. The next one I have is
20 June 27, 2014. Can you identify that as the
21 redacted minutes of that meeting?

22 A. It appears to be a
23 redacted version of those meeting minutes.

24 MR. FINNIGAN: Exhibit 14,
25 please.

1 EXHIBIT NO. 14: Redacted
2 copy of the June 27th,
3 2014, Nelson Education
4 Board meeting minutes.

5 BY MR. FINNIGAN:

6 245 Q. Counsel, on pages 3 and 4
7 we have some redactions?

8 MS. KIMMEL: This is
9 settlement privilege.

10 BY MR. FINNIGAN:

11 246 Q. So the first one on 3 is
12 a settlement privilege?

13 MS. KIMMEL: Yes, and carries
14 over to 4 -- sorry, the first one, sorry, sorry,
15 let me see.

16 The first one actually relates
17 to, I think, the composition of the First Lien
18 Lenders, who was on the committee, and how many of
19 them were participating in the discussions which
20 is, I guess, a settlement privilege but there is
21 also a confidentiality issue associate with that.

22 And the second one is
23 settlement privilege.

24 BY MR. FINNIGAN:

25 247 Q. So the bit after "during

1 the meeting, the company advisors", that's all
2 settlement privilege?

3 MS. KIMMEL: Yes.

4 BY MR. FINNIGAN:

5 248 Q. And that carries over to
6 page 4?

7 MS. KIMMEL: Yes.

8 BY MR. FINNIGAN:

9 249 Q. And then on page 5, there
10 is a redaction at the top and one near the bottom?

11 MS. KIMMEL: Yes, it's the
12 same, settlement privilege at the top.

13 And then, the second one on
14 page 5, is solicitor-client. It also deals with
15 settlement privilege, but it is solicitor-client
16 as well.

17 BY MR. FINNIGAN:

18 250 Q. And then finally, the
19 August 5th minute, I am showing you those minutes.
20 Is that a redacted copy of the board meeting on
21 August 5th?

22 A. It appears to be so.

23 MR. FINNIGAN: Exhibit 15,
24 please.

25 EXHIBIT NO. 15: Redacted

1 copy of the August 5th,
2 2014, Nelson Education
3 Board meeting minutes.

4 BY MR. FINNIGAN:

5 251 Q. Counsel, page 2, near the
6 bottom there is a redaction?

7 MS. KIMMEL: That's settlement
8 privilege.

9 BY MR. FINNIGAN:

10 252 Q. Page 3, the third page?

11 MS. KIMMEL: Settlement
12 privilege.

13 BY MR. FINNIGAN:

14 253 Q. Counsel, this is a
15 question for you: Other than the position taken
16 by RBC on redactions in relation to the come-back
17 motion, this was the written responses and the
18 position we asserted then for the purpose of the
19 come-back motion, are you aware of any other
20 assertion of privilege by RBC outside of that
21 motion?

22 MS. KIMMEL: Well, consistent
23 with that position, there were redactions in the
24 RBC credit agreements that were produced earlier,
25 I guess last Thursday night, I think you guys

1 brought a binder over with those, and I believe
2 there were redactions in those credit agreements
3 that were -- we thought were consistent with the
4 privilege assertions on the come-back motion.

5 I wasn't involved in all of the
6 discussions around those assertions at the time of
7 the come-back motion, so I don't know -- I can't
8 give you song and verse of every conversation or,
9 you know, exactly how it arose, but I don't think
10 there is any dispute that that was the position
11 that RBC took.

12 BY MR. FINNIGAN:

13 254 Q. Sir, we have been told
14 that the company does not retain e-mails older
15 than four months unless they are saved; is that
16 correct?

17 A. That's correct.

18 255 Q. And at a time when you
19 were in negotiations with your -- strike that.

20 At a time when you were
21 receiving the letters that we marked earlier
22 today, the letters from Paul Hastings to your
23 firm --

24 A. Yes.

25 256 Q. -- to your counsel?

1 A. To counsel, yes.

2 257 Q. Were you aware that there
3 was a significant amount of unhappiness amongst
4 the First Lien Lender Group -- Second Lien Lender
5 Group, sorry.

6 A. I knew that the Second
7 Lien Lender Group was not satisfied with the
8 situation, most certainly.

9 258 Q. And did you turn your
10 mind to the fact that the situation may end up in
11 court?

12 A. At various points in the
13 process, absolutely.

14 259 Q. Right. And that would
15 extend back into 2014?

16 A. I believe at that time we
17 were still hoping for a consensual deal. So I
18 can't give you a date when I really expected it to
19 go to a court proceeding.

20 260 Q. Did the company ever turn
21 its mind to retaining e-mails that might be needed
22 for future litigation?

23 A. To a large extent, I
24 relied on my advisors, including Goodmans, to
25 ensure that those sorts of records, documents and

1 so forth were maintained. I did maintain some
2 documents that were relevant to my, for future
3 reference, which I have provided to legal counsel.

4 261 Q. But did the company issue
5 to its employees any sort of litigation hold ie.,
6 don't destroy any documents because they might be
7 needed in litigation?

8 A. I did not, and I am not
9 aware of that happening.

10 MR. FINNIGAN: Thank you, sir,
11 those are all my questions subject to the
12 undertakings given and the refusals made, that is
13 all I have for you right now.

14 THE WITNESS: Okay, thank you.

15 MS. KIMMEL: Let me just
16 quickly check to make sure there is nothing by way
17 of re-examination.

18 --- Upon recess at 11:56 a.m.

19 --- Upon resuming at 11:58 a.m.

20 MR. FINNIGAN: I do have a
21 supplemental question.

22 BY MR. FINNIGAN:

23 262 Q. Sir, I am just showing
24 you a document called "Supplemental Administrative
25 Agent Agreement" between Wilmington Trust and

1 Cortland Capital Market Services. Is this a
2 document that you have seen before?

3 A. I am not sure.

4 263 Q. My instructions are it's
5 one of the transaction documents for the proposed
6 transaction.

7 A. Okay.

8 264 Q. Do you know whether that
9 document has been provided to Heritage Canada?

10 A. I have no knowledge of
11 what documents were provided to Heritage Canada.

12 265 Q. So we will mark this one
13 for identification, and I would ask for the
14 undertaking of counsel just to confirm that that
15 is one of the transaction documents, please?

16 U/A MS. KIMMEL: I can't do that
17 right now, but I will take that under advisement.

18 EXHIBIT NO. 16:
19 Supplemental
20 Administrative Agent
21 Agreement between
22 Wilmington Trust and
23 Cortland Capital Market
24 Services.

25 MR. FINNIGAN: That was my

1 supplemental question.

2 MS. KIMMEL: I don't have any
3 questions by way of re-examination.

4 --- Whereupon cross-examination adjourned at
5 11:59 a.m.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 I HEREBY CERTIFY THAT I HAVE, to the best of my skill
2 and ability, accurately transcribed the
3 forgoing proceeding

4
5
6
7 Lisa Lamberti, Court Reporter
8
9

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TAB 1

EXHIBIT NO. 1
EXAM OF Greg Nordal
DATE Aug 21 2015
REPORTER Lisa Laubert
ASAP REPORTING SERVICES INC.

NELSON EDUCATION LTD.

MEETING OF THE BOARD OF DIRECTORS

August 22, 2014

MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company" or "Nelson") was duly called and scheduled for Friday, August 22, 2014, at 1:30 p.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were present, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

John Bell (via teleconference)

Paul Renaud (via teleconference)

Michael Andrews, CFO and Senior VP Finance of the Company also attended the meeting (via teleconference) by invitation of the Board. Company advisors Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC ("A&M") attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick and Caroline Descours (via teleconference). Caroline Descours acted as Secretary of the meeting.

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At approximately 1:30 p.m., the meeting was called to order by the Chairman.

Approval of the Minutes of the Meetings of the Directors of the Company dated July 30, 2014 and August 5, 2014

Mr. Dunn moved approval of the minutes of the July 30, 2014 and August 5, 2014 Board meetings. The motion was seconded and the Board approved the minutes for the two meetings.

RESOLVED: that the Minutes of the Meetings of the Board of Directors of Nelson Education Ltd. dated July 30, 2014 and August 5, 2014 are hereby approved, confirmed and ratified and that the appropriate officers of the Company be, and hereby are, authorized and empowered, for and on behalf of the Company, to insert such minutes in the minute book of the Company.

Update with Advisors regarding the Company's Refinancing Initiatives and Discussion regarding the First Lien Term Sheet and Support Agreement

The Company's advisors provided an update on discussions held with the Company's lenders and the lenders' advisors which have taken place since the previous Board of Directors' meeting. Since the last Board meeting, the Company's advisors and the First Lien Advisors have exchanged versions of the First Lien Term Sheet and First Lien Support Agreement and have had several discussions.

On Friday, August 15, 2014, the Company's advisors provided to the First Lien Advisors a revised First Lien Term Sheet and received from the First Lien Advisors a draft First Lien Support Agreement.

On Monday, August 18, 2014, the Company's legal counsel provided to the First Lien Advisors a revised First Lien Support Agreement and met with legal counsel to the

First Lien Steering Committee to discuss outstanding items relating to the First Lien Term Sheet and First Lien Support Agreement.

On Wednesday, August 20, 2014, the First Lien Advisors provided further revised versions of the First Lien Term Sheet and First Lien Support Agreement.

Redacted for privilege

The Board directed the Company's advisors to provide revised versions of the First Lien Term Sheet and First Lien Support Agreement to the First Lien Advisors **Redacted for privilege** and discussed a potential meeting (either in person or by teleconference) with the First Lien Steering Committee and its advisors if key items continue unresolved.

The Company's advisors have also had discussions with the advisors to the Second Lien Agent and suggested that they put forward a reasonable proposal in order to reach a consensual transaction with the First Lien Steering Committee. The Company's advisors will continue to have discussions with the advisors to the Second Lien Agent.

At approximately 2:40 p.m., the representatives of A&M (Mr. Mullet and Mr. Zaley) excused themselves from the remainder of the conference call.

Advisor for the Potential Sales and Investment Solicitation Process

Rob Chadwick advised that on Wednesday, August 13, 2014, as directed by the Board, Rob Chadwick and Caroline Descours attended (via teleconference) the

presentations made to the First Lien Steering Committee by Houlihan Lokey, Moelis and A&M as potential advisors in respect of the potential sales and investment solicitation process. The First Lien Advisors advised that the First Lien Steering Committee's preference would be to proceed with Houlihan Lokey as the advisor to assist with the potential sales process. The Board agreed that each of Houlihan Lokey and A&M should provide in-person presentations to the Company's President and representatives of the Board to assist in the Board's determination of which advisor would be best to assist with the potential sales process and directed Goodmans to coordinate such in-person meetings with each of Houlihan Lokey and A&M.

Adjournment of Meeting

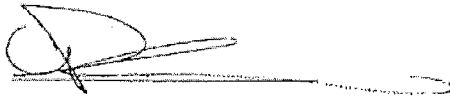
The Board determined that there was no further business to conduct, and resolved as follows:

At approximately 2:55 p.m., it was unanimously **RESOLVED**: To adjourn.

Adjourned accordingly.

A true record.

ATTEST:



Caroline Descours

Secretary of the Meeting

TAB 2

D. J. Miller

From: Tenzer, Andrew V. [andrewtenzer@paulhastings.com]
Sent: September-11-14 8:47 AM
To: 'Les.Vowell@rbccm.com'; 'raymond.s.chang@rbc.com'; 'jmiller@cdggroup.com'; D. J. Miller
Subject: FW: Nelson Education Ltd. (Reorg Research Intelligence Alert) - Nelson Education Executes RSA with Lenders

FYI

EXHIBIT NO. 2
EXAM OF Greg Nordal
DATE Aug 4, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

PAUL

Andrew Tenzer | Partner

HASTINGS

Paul Hastings LLP | 75 East 55th Street, New York, NY 10022 | Direct:
+1.212.318.6099 | Main: +1.212.318.6000 | Fax: +1.212.230.7699 |
email: andrewtenzer@paulhastings.com | www.paulhastings.com

From: Reorg Research Alert [mailto:dockets@reorg-research.com]

Sent: Wednesday, September 10, 2014 6:56 PM

To: Tenzer, Andrew V.

Subject: Nelson Education Ltd. (Reorg Research Intelligence Alert) - Nelson Education Executes RSA with Lenders

Nelson Education Ltd.

Nelson Education Executes RSA with Lenders

Nelson Education's management team hosted a lender call late Wednesday to announce the execution of a Restructuring Support Agreement with the ad hoc steering committee of first lien lenders, according to sources familiar with the situation.

Details presented on the call included that the full steering committee signed onto the RSA, laying out the terms by which the lenders would take control of the company, subject to a parallel sale process. Whether the process can be accomplished out of court depends on a number of variables, including creditor support and the results of the sale process. Another option remains a Canadian bankruptcy procedure, as Reorg Research previously outlined.

In a non-sale scenario, the first lien lenders will take all reorganized equity, subject to dilution for a management incentive plan. In addition, the lenders will receive \$200 million of new first lien term loan paying either (i) a 10% cash interest rate or (ii) 8% in cash and 4% in PIK. Interest would be payable quarterly with a five year maturity. The new term loan will also have mandatory prepayment covenants which will include a 25% excess cash flow sweep. The company would also be limited to revolver borrowings of CAD \$20 million.

The sale process is expected to provide a market check on the restructuring and will be run by Alvarez & Marsal. Reorg Research has reported that the strategic buyers for Nelson included Cengage or McGraw-Hill, though other scenarios could include a sale of the higher education publishing and the K-12 publishing businesses separately. Houghton Mifflin Harcourt is also a K-12 publisher that could be a strategic buyer. Other potential suitors would include private equity firms, sources said; however, the sale process has not advanced enough to have solicited interest from specific firms.

Lenders who sign onto the restructuring and support agreement by the early consent date of Sept. 25 will receive an early consent fee and some portion of unpaid July-Sept. interest. The consenting lenders will also receive a monthly consent fee going forward.

As previously reported by Reorg Research, the steering committee of Nelson's lenders consists of approximately 63% of the first lien loan and includes, in order of size holdings are: Ares, Mudrick, Sound Point, Citi, ALJ, Hudson Bay and GE

Capital. The loan had matured on July 3 and the company was in an "informal forbearance" period having also missed a series of interest payments on the second liens.

The company is being advised by Goodmans, Alvarez & Marsal and Akin Gump. The first liens working with Willkie Farr, Bennett Jones and AlixPartners and the second liens have tapped Paul Hastings and the CDG Group.

See on Reorg Research

CONTACT US: To ask a question or contact Reorg Research regarding this story: [Click Here](#)

DOCKET ALERTS: To change your docket alert or tracking preferences: [Click Here](#)

INTELLIGENCE EMAILS: To change your intelligence email preferences: [Click Here](#)

The communication has been prepared by Reorg Research, Inc. The information contained in this communication has been obtained from sources that Reorg Research, Inc believes are reliable but we do not represent or warrant that it is accurate or complete. Neither Reorg Research, Inc, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this communication or its contents.



This message is sent by a law firm and may contain information that is privileged or confidential. If you received this transmission in error, please notify the sender by reply e-mail and delete the message and any attachments.

For additional information, please visit our website at

TAB 3

EXHIBIT NO 3
EXAM OF Greg Nordal
DATE Aug 4, 2015
REPORTER Lisa Lamberti
ASAP REPORTING SERVICES INC.

WFG Draft 5/1/15

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.

14105550.11

[Signature Page Follows.]

11
12
13
14

14105550.11

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:

14105550.11

SCHEDULE "A"

TERM ALLOCATIONS

Secured Lender	Term Allocation
[Table to be updated.]	

6442695

TAB 4

**PAUL
HASTINGS**

EXHIBIT NO 4
EXAM OF Greg Nordal
DATE AUG 4, 2013
REPORTER Lisa Lambertini
ASAP REPORTING SERVICES INC.

1(212) 318-6099
andrewtenzer@paulhastings.com

September 16, 2014

Mr. Robert Chadwick
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, OH M5H 2S7

Re: Nelson Education Ltd.

Dear Rob:

We represent Royal Bank of Canada, as a lender and as agent, under the Second Lien Credit Agreement, dated as of July 5, 2007 (as amended or modified from time to time, the "Second Lien Credit Agreement"), by and among Nelson Education Ltd. ("Borrower"), Nelson Education Holdings Ltd., as Holdings, Royal Bank of Canada, as Administrative Agent and Collateral Agent (in such capacity, the "Second Lien Agent"), and the lenders from time to time party thereto (collectively, the "Second Lien Lenders"). Any capitalized terms set forth but not defined herein have the meanings ascribed to such terms in the Second Lien Credit Agreement.

The Second Lien Agent understands that the Borrower has reached an agreement with a steering committee of lenders under its First Lien Credit Agreement, dated as of July 5, 2007 (the "First Lien Credit Agreement"), by and among the Borrower, Holdings, Wilmington Trust, National Association, as successor Administrative Agent and Collateral Agent (in such capacity, the "First Lien Agent"), and the lenders from time to time party thereto (collectively, the "First Lien Lenders") on a restructuring of the Borrower's obligations under the First Lien Credit Agreement (the "Restructuring"). The Second Lien Agent was excluded from any discussions with the First Lien Lenders regarding the Restructuring and is not aware of all of its material terms. Based on what it knows, however, the Second Lien Agent is concerned that the Restructuring, if implemented, would violate the Loan Documents. Accordingly, the Second Lien Agent would like to receive the following information by noon on Friday, September 19.

Consent Fee

The Restructuring includes an early consent fee (the "Consent Fee") payable to First Lien Lenders who sign a support agreement by September 25, 2014. The Second Lien Agent estimates that the Consent Fee would result in payments through the end of 2014 of approximately \$12 million. The Second Lien Agent's questions and concerns regarding the Consent Fee include the following:

- A. Is the Second Lien Agent's calculation of the Consent Fee correct?
- B. The Consent Fee appears to be an increase in the interest rate under the First Lien Credit Agreement of more than 3%. Does the Borrower's calculation differ and, if not, is the Consent Fee permissible under Section 5.3 of the Intercreditor Agreement?

PAUL
HASTINGS

Mr. Robert Chadwick
September 16, 2014
Page 2

C. What does the Borrower contemplate if one or more First Lien Lenders do not sign a support agreement? Is it the Borrower's view that such a non-supporting First Lien Lender would still be entitled to its ratable portion of the Consent Fee under Section 2.14 of the First Lien Credit Agreement?

D. If a non-consenting First Lien Lender elects to challenge the Restructuring, is it the Borrower's view that such lender continues to be entitled to have its legal and other fees reimbursed under the First Lien Credit Agreement?

E. What analysis did the Borrower perform to determine the impact of the payment of the Consent Fee on constituencies other than the First Lien Lenders? In particular, what is the business justification underlying the Consent Fee given that:

(i) the Borrower's default under the First Lien Credit Agreement obligates it to pay only an increase in the default interest rate;

(ii) the Consent Fee reduces the Borrower's cash balances and value at the outset of a sales process in which the Borrower (and its officers and directors) have a duty to maximize value for the benefit of all constituencies;

(iii) the Consent Fee reduces the Borrower's cash balances at a time when the Borrower has prepared for an insolvency proceeding, and may need DIP financing;

(iv) the Consent Fee does not reduce the uncertainty inherent in the Borrower's sales process (described below); and

(v) the Borrower is not current on all of its other obligations including, without limitation, interest and fees owed to the Second Lien Lenders.

F. The Second Lien Agent understands that the Restructuring offers no recovery to the Second Lien Lenders. If accurate, then the Borrower must view the claims under the First Lien Credit Agreement as the fulcrum claims in any restructuring (incorrectly in our view). If that is the Borrower's view, then why does it need to pay any Consent Fee and reduce its cash balances?

Sales Process

A. Over a period of months, the Second Lien Agent has requested that the Borrower share its operating results, projections and cost savings plan. None of that information has been provided, and yet it would seem critical to any potential purchaser of the Borrower. Does such information exist and, if so, why hasn't it been provided to the Second Lien Agent? If it does not exist, can the Borrower market its assets effectively?

B. The Second Lien Agent has requested the Borrower's view on the pro forma financial impact (including potential realized synergies from purchasers) on the Borrower of (i) selling the K-12 and higher education business segments in a single transaction, (ii) selling the K-12 and higher education

PAUL HASTINGS

Mr. Robert Chadwick
September 16, 2014
Page 3

business segments in separate transactions and (iii) selling one business segment and retaining the other. Does such information exist and, if so, why hasn't it been provided to the Second Lien Agent? If it does not exist, can the Borrower market its assets effectively?

C. The sales process appears to face a number of potential obstacles, including from non-consenting First Lien Lenders, the Second Lien Lenders, other creditors, Cengage and "Heritage Canada." How did the Borrower conclude that it could be marketed effectively in the face of these uncertainties?

D. In light of what appears to be the possibility, and perhaps likelihood, of an insolvency proceeding, has the Borrower considered eschewing the Consent Fee and immediately commencing such a proceeding, and marketing its assets while operating in insolvency?

E. Does the Borrower believe that a sale can be consummated without (i) unanimous consent of the Second Lien Lenders or (ii) a CCAA or CBCA proceeding?

F. Does the Borrower believe that prospective buyers would consummate a sale without (i) unanimous consent of the Second Lien Lenders or (ii) a CCAA or CBCA proceeding?

The "Credit Bid"

A. The Restructuring contemplates a purported "credit bid" that results in a restructuring of the First Lien Credit Agreement and the issuance to the First Lien Lenders of shares in Newco. What legal precedent is the Borrower relying on for completing such a transaction?

B. Was the "credit bid" structured to circumvent the voting rights of the Second Lien Lenders under Section 6.9 of the Intercreditor Agreement?

C. Has the Borrower received assurance that First Lien Lenders who receive shares in Newco will provide whatever undertakings Heritage Canada requires of them?

D. Does the Borrower believe that the credit bid can proceed without (i) unanimous consent of the Second Lien Lenders or (ii) a CCAA or CBCA proceeding?

E. How would the credit bid be implemented in, and outside of, an insolvency proceeding?

Other Questions

A. How does the Borrower plan to treat the claims of the Second Lien Lenders and Second Lien Agent?

B. Is the Borrower insolvent? If not, on what basis has the Borrower made this determination?

PAUL
HASTINGS

Mr. Robert Chadwick
September 16, 2014
Page 4

C. On what basis has the Borrower decided to continue to pay unsecured creditors in full, while failing to address the claims of the Second Lien Lenders?

D. Has the Borrower made any determination as to which of its vendors are critical?

The Borrower has agreed to a Restructuring that does not address the Second Lien Lenders' claims. This is disappointing, given that the Second Lien Agent provided unprecedented cooperation to the Borrower in an effort to reach a consensual deal, including waivers of due dates of interest payments and offers to provide a recovery to hopelessly out-of-the-money equity holders. Furthermore, there was a meeting between the Second Lien Agent and the Borrower's CEO, and their respective advisors, in Toronto two weeks ago during which the Second Lien Agent and Borrower agreed on the outline of a proposal to resolve their claims. The Second Lien Agent participated in that meeting at the request of one of the Borrower's board members, who did not show up (he was available by phone, but only to the Borrower and its advisors). The Second Lien Agent has not received any follow-up from the Borrower since that meeting, and questions whether the proposal has been discussed with the First Lien Lenders.

Please note that this letter sets forth only those concerns about the Restructuring that have arisen from the Second Lien Agent's current understanding of its structure. Nothing contained herein is intended to be, or shall be, construed as a waiver or forbearance of any of the rights, remedies, and powers of the Second Lien Lenders or Second Lien Agent against the Borrower, the First Lien Agent, the First Lien Lenders or the Second Lien Lenders' Collateral, or a waiver of any Defaults or Events of Default, or a consent to any departure by the Borrower or the First Lien Lenders from the express provisions of the Second Lien Credit Agreement and the other Loan Documents. The Second Lien Agent, on behalf of the Second Lien Lenders, hereby expressly reserves all of its remedies, powers, rights, and privileges under the Second Lien Credit Agreement, the Intercreditor Agreement and the other Loan Documents, at law, in equity, or otherwise.

Sincerely,



Andrew V. Tenzer
U.S. Counsel to the Second Lien Agent

cc: D.J. Miller, Thornton Grout Finnigan LLP
Paul Shalhoub, Willkie Farr & Gallagher LLP
Kevin Zych, Bennett Jones LLP
Dean Mullett, Alvarez & Marsal
Jeffrey Rose, Wilmington Trust, NA
Jonathan Miller, CDG Group
Les Vowell, RBC

TAB 5

PAUL
HASTINGS

1(212) 318-6099
andrewtenzer@paulhastings.com

October 1, 2014

Mr. Robert Chadwick
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, OH M5H 2S7

Re: Nelson Education Ltd.

Dear Rob:

We represent Royal Bank of Canada, as a lender and as agent, under the Second Lien Credit Agreement, dated as of July 5, 2007 (as amended or modified from time to time, the "Second Lien Credit Agreement"), by and among Nelson Education Ltd. ("Borrower"), Nelson Education Holdings Ltd., as Holdings, Royal Bank of Canada, as Administrative Agent and Collateral Agent (in such capacity, the "Second Lien Agent"), and the lenders from time to time party thereto (collectively, the "Second Lien Lenders"). Any capitalized terms set forth but not defined herein have the meanings ascribed to such terms in the Second Lien Credit Agreement.

Earlier this week, the Borrower informed the Second Lien Agent and Second Lien Lenders that the Borrower has started to market itself to potential buyers. The Second Lien Agent hasn't received any written information about that sales process including, without limitation, the information being provided to potential buyers or a list of whom is receiving such information. The Second Lien Agent hereby requests such information and also requests that the Company provide periodic updates (no less than weekly) as to the status of any developments in the sales process, including updates on the Borrower's discussion with Cengage and Heritage Canada. If necessary, the Second Lien Agent would agree to execute a reasonable non-disclosure agreement.

In addition, my letter to you of September 16 raised certain questions regarding the "Consent Fee" payable under the First Lien Credit Agreement, dated as of July 5, 2007 (the "First Lien Credit Agreement"), by and among the Borrower, Holdings, Wilmington Trust, National Association, as successor Administrative Agent and Collateral Agent (in such capacity, the "First Lien Agent"), and the lenders from time to time party thereto (collectively, the "First Lien Lenders") in connection with a restructuring of the Borrower's obligations under the First Lien Credit Agreement (the "Restructuring").

The Second Lien Agent understands that the Consent Fee has been paid. Because the Consent Fee is an increase in the interest rate under the First Lien Credit Agreement of more than 3%, payment of the Consent Fee is not permissible under Section 5.3 of the Intercreditor Agreement.

Nothing contained herein is intended to be, or shall be, construed as a waiver or forbearance, with respect to the Consent Fee or otherwise, of any of the rights, remedies, and powers of the Second Lien Lenders or Second Lien Agent against the Borrower, the First Lien Agent, the First Lien Lenders or the

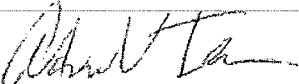
EXHIBIT 5
EXAM OF Greg Nordal
DATE Aug 9, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

PAUL
HASTINGS

Mr. Robert Chadwick
October 1, 2014
Page 2

Second Lien Lenders' Collateral, or a waiver of any Defaults or Events of Default, or a consent to any departure by the Borrower or the First Lien Lenders from the express provisions of the Second Lien Credit Agreement and the other Loan Documents. The Second Lien Agent, on behalf of the Second Lien Lenders, hereby expressly reserves all of its remedies, powers, rights, and privileges under the Second Lien Credit Agreement, the Intercreditor Agreement and the other Loan Documents, at law, in equity, or otherwise including, without limitation, regarding the payment of the Consent Fee.

Sincerely,



Andrew V. Tenzer
U.S. Counsel to the Second Lien Agent

cc: D.J. Miller, Thornton Grout Finnigan LLP
Paul Shalhoub, Wilkie Farr & Gallagher LLP
Kevin Zych, Bennett Jones LLP
Dean Mullett, Alvarez & Marsal
Jeffrey Rose, Wilmington Trust, NA
Jonathan Miller, CDG Group
Les Vowell, RBC

TAB 6



Royal Bank
of Canada

Royal Bank of Canada
RBC Law Group
3 World Financial Center
200 Vesey Street
New York, NY 10281-8098

Leslie J. Sobel
Senior Counsel
Telephone: (212) 428-6216
Facsimile: (212) 858-7455
E-mail: Leslie.Sobel@rbccm.com

October 13, 2014

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

Re: Nelson Education Ltd.

Dear Mr. Rose:

Reference is made to that certain First Lien Credit Agreement, dated as of July 5, 2007, among Nelson Education Ltd., as Borrower, Nelson Education Holdings Ltd., as Holdings, Wilmington Trust, N.A., as successor Administrative Agent and Collateral Agent (the "Agent") and the other Lenders party thereto (as amended, restated or modified from time to time, the "First Lien Credit Agreement"). Capitalized terms used but not defined herein are used as defined in the First Lien Credit Agreement.

In connection with the recent execution by certain Lenders of a support agreement with the Borrower, the Borrower is obligated to pay a fee (the "Consent Fee") to such Lenders based on the amount of Loans that such Lenders hold. Royal Bank of Canada ("RBC"), a Lender, did not execute a support agreement.

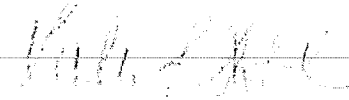
The payment of the Consent Fee is a payment that a Lender obtains on account of the Loans made by it. Pursuant to Section 2.14 of the First Lien Credit Agreement, each Lender other than RBC is obligated to purchase from RBC a ratable participation in RBC's Loan as is necessary to cause such purchasing Lender to share the excess Consent Fee payment it has received. RBC requests that the Agent distribute to RBC its ratable share of each Lender's Consent Fee, and that the Agent reflect in its records any participations purchased by other Lenders from RBC in accordance with the First Lien Credit Agreement. Please also note that pursuant to Section 10.01(d) of the First Lien Credit Agreement,

EXHIBIT NO 6
EXAM OF Greg Nordal
DATE Aug 9, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

Section 2.14 of the First Lien Credit Agreement may not be amended without RBC's consent.

Nothing contained herein is intended to be, or shall be, construed as a waiver or forbearance of any of the rights, remedies, and powers of RBC against the Borrower, the Agent or the Collateral, a waiver of any Defaults or Events of Default, or a consent to any departure by the Borrower, the Agent or the Lenders other than RBC from the express provisions of the First Lien Credit Agreement and the other Loan Documents. RBC hereby expressly reserves all of its remedies, powers, rights and privileges under the First Lien Credit Agreement and the other Loan Documents, at law, in equity or otherwise.

Very truly yours,



Leslie J. Sobel

cc: Nelson Education Ltd.
Robert Chadwick, Esq.

TAB 7

PAUL
HASTINGS

EXHIBIT NO 7
EXAM OF Greg Nordal
DATE AUG 4, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC

1(212) 318-6099
andrewtzenzer@paulhastings.com

November 18, 2014

VIA EMAIL

Mr. Robert J. Chadwick
Goodman's LLP
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Re: Nelson Education Ltd.

Dear Rob:

I am writing in response to your letter of November 17, 2014.

It is unfortunate that we continue to exchange letters arising from the coordinated efforts of Nelson and the First Lien Lenders to deprive the Second Lien Lenders of any meaningful role in Nelson's restructuring. The Company's request for a confidentiality agreement is a prime example. Section 10.08 of the Second Lien Credit Agreement requires the Second Lien Agent and Second Lien Lenders to maintain the confidentiality of all "Information" provided by the Company, subject to customary carve outs. If the Company genuinely wanted to include the Second Lien Lenders in its purported sale and restructuring efforts, the Company would simply need to designate any information it seeks to provide as "confidential." Asking the Second Lien Agent to enter an unnecessary confidentiality agreement is not a step that the Company would take were it genuinely interested in negotiating with its second largest creditor.

Your reference to the Support Agreement also rings hollow. The Company, when it was likely insolvent, willingly entered into that coercive document to pay exorbitant and unnecessary fees to the First Lien Lenders while excluding the Second Lien Lenders and their advisors from any negotiations. The Company holds substantial cash and is attempting to remain current with all of its creditors except for the Second Lien Lenders. The Second Lien Agent remains willing to engage, but from an informational and financial standpoint, the Company has inexplicably elected to shut the Second Lien Lenders out of its sales and restructuring process.

PAUL
HASTINGS

Robert J. Chadwick
November 18, 2014
Page 2

All of the rights and remedies of the Second Lien Agent and Second Lien Lenders are reserved.

Very truly yours,



Andrew V. Tenzer
of PAUL HASTINGS LLP

AVT:pmc

cc: Les Vowell, RBC
D.J. Miller, Thornton Grout Finnigan LLP
Jonathan Miller, CDG Group

TAB 8



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

EXHIBIT NO 8
EXAM OF Greg Nordal
DATE AUG 4, 2015
REPORTER Lisa Lamberti
ASAP REPORTING SERVICES INC.

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

D.J. Miller
T: 416-304-0559
E: djmiller@tgf.ca
File No. 300-199

April 13, 2015

VIA EMAIL

Goodmans LLP
Bay Adelaide Centre
333 Bay St., Suite 3400
Toronto, ON M5H 2S7

Attention: Robert Chadwick

Dear Rob:

Re: **Royal Bank of Canada in its capacity as Second Lien Agent and lender ("RBC") and Nelson Education Ltd. (the "Company")**

We refer to our various discussions in respect of this matter and our prior letters including those dated September 16, 2014, October 1, 2014 and November 18, 2014. Capitalized terms used in this letter and not defined are as defined in the Second Lien Credit Agreement with the Company.

We have previously advised you of RBC's position on the Consent Fee paid to those First Lien Lenders who executed a Support Agreement, and the non-payment of interest due and owing to the Second Lien Lenders under the Second Lien Credit Agreement. The Company and the First Lien Lenders are aware, and have previously received notice, that the Company is in default under the Second Lien Credit Agreement and RBC has expressly reserved its rights in respect of those defaults and steps taken by the Company.

The Company has unilaterally chosen to: (i) stop paying interest and fees that it is contractually obligated to pay under the Second Lien Credit Agreement; (ii) create an obligation for, and then pay, additional fees to certain of the First Lien Lenders in contravention of the Intercreditor Agreement; (iii) incur new liabilities to unsecured creditors on an ongoing basis while not paying existing liabilities owing to the Second Lien Lenders; and (iv) pay unsecured creditors on an ongoing basis, while secured liabilities remain unpaid. The Company has chosen to conduct its affairs for the past several months in such a way as to create preferences in favour of the First Lien Lenders and unsecured creditors to the detriment of the Second Lien Lenders. We assume that authorization for these actions has been given by the Company's board of directors, and therefore specifically reserve RBC's rights in respect of the Company's directors, as well.

We reiterate that all payments made (whether to the First Lien Lenders in respect of the Consent Fee, unsecured creditors, professionals or otherwise) while amounts due and owing are not paid to the Second Lien Lenders, constitute preferences for which the Second Lien Lenders reserve all of their rights and



Thornton Grout Finnigan LLP

2.

remedies, including but not limited to the right to seek disgorgement or exercise any of their contractual or legal remedies.

Yours very truly,

Thornton Grout Finnigan LLP

D.J. Miller
DJM/gk

cc: ~~Andrew Tenzer, Paul Hastings LLP~~
Jonathan Miller, CDG Group, LLC
Les Vowell, RBC Capital Markets

cc: Jeffrey Rose, Wilmington Trust Company – First Lien Agent
Paul Shalhoub, Wilkie Farr & Gallagher LLP
Kevin Zych, Bennett Jones LLP

TAB 9

Confidential Exhibit "9" to the Nordal Cross-Examination - Redacted

TAB 10

EXHIBIT NO 10
EXAM OF Greg Nordal
DATE Aug 24, 2013
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

NELSON EDUCATION LTD.

MEETING OF THE BOARD OF DIRECTORS

March 20, 2014

MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company") was duly called and scheduled for Thursday, March 20, 2014, at 1:00 p.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were on the conference call, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

Christian Stahl (via teleconference)

Paul Renaud (via teleconference)

John Bell (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Tripp Lane of Apax Partners also attended the meeting (via teleconference) by invitation of the Board. Company advisors, Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC, attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick (via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At 1:05 p.m., the meeting was called to order by the Chairman.

Refinancing Update – Discussion on proposal from First Lien Ad Hoc Committee

Mr. Mullet provided a detailed review of the First Lien Term sheet as proposed by the First Lien Ad Hoc Committee. He also provided an update on the various positions within the Ad Hoc Committee and provided insight into the First Lien Ad Hoc Committee's view with respect to the draft proposal.

Redacted for privilege

After considering all of the information provided by the Company's advisors and Management, the Board directed the Company's advisors to consider the key discussion points and to work to examine alternate proposals which take into account the operating and financial circumstances of the Company.

Third Quarter, Second Lien interest payment

Mr. Mullet discussed the options available to the Company with respect to the third quarter, second lien interest payment. There were three options available to the company: 1) pay the full interest due, 2) pay none of the interest due, and 3) pay no interest on the due date, but seek an extension of the cure period. The Board directed the advisors to discuss the options available to the Company with RBC as agent of the second lien and to provide the Board a report on those discussions.

Cengage Debt Redemption

The Company's advisors provided the Board with an overview of the Company's options with respect to the 10.5% Senior Notes of Cengage Learning Acquisitions ("Cengage Notes") which the Company has held since November 2011. Holders of the notes could either recover approximately 25% of the note's value under the terms of Cengage's Plan to emerge from Chapter 11 bankruptcy, or sell the notes at approximately 33.5% of the notes value at March 18, 2014. Management requested authority to monetize its position in the notes after advising the First Lien Steering Committee in order to increase the overall liquidity of the Company. The Board discussed the use of the proceeds and confirmed to use the proceeds from the sale to pay down the First Lien Debt.

Mr. Bell proposed a motion to authorize management to monetize the Cengage Notes and use the proceeds to pay the first lien debt. The motion was seconded by Mr. Dunn and the Board unanimously approved the motion.

RESOLVED: That management has approval and authority to sell the Company's investment in Cengage Notes and to use the proceeds to pay First Lien Debt.

Fiscal Year End Change to March 31, 2014

Management discussed Cengage's confirmed Year-End change from June 30, 2014 to March 31, 2014 as part of Cengage's exit from Chapter 11 bankruptcy protection. Nelson Management had previously discussed with Cengage Management the various risks and benefits relating to changing year end to March 31, 2014 (as opposed to waiting

until March 31, 2015) and shared those risk and benefits with the Board. The main benefits of coordinating the change in fiscal year end with Cengage include:

- Saving the company a significant amount of money by taking advantage of the economies of scale afforded by Cengage in a project of this magnitude;
- A significant reduction in the potential technical risks of making the transition to a new year end; and
- March 31st is a better year end given the natural cycles of the business

The Board directed management to discuss the issue with the Company's tax advisors to determine if there were any negative tax consequences of the change in year end and to discuss with the Company's Auditors if an audit could be completed given the short time lines.

Key Employment Retention Plans

A Resolution of the Directors (attached as Appendix A) confirming the Company to make the Payment referred to in the resolution and to perform its obligations under each of the Retention Agreements was approved by all Directors except Mr. Nordal who abstained from voting on the resolution. The Board, excluding Mr. Nordal, had discussed the retention plans in the months previous to the March 20th meeting and had authorized Goodmans to prepare and complete the appropriate documentation.

Mr. Bell suggested that Management consider offering certain key employees (in addition to the Executive employees referred to in the aforementioned resolution) a similar retention plan. Management agreed that it would consider Mr. Bell's suggestion and would return to the Board with appropriate recommendations.

Adjournment of Meeting

The Board determined that there was no further business to conduct, and resolved as follows:

At approximately 2:30 p.m., it was unanimously **RESOLVED:** To adjourn.

Adjourned accordingly.

A true record.

ATTEST:

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

Stephen Aubert

Vice President Finance and Controller

RESOLUTIONS OF THE DIRECTORS

OF

**NELSON EDUCATION LTD.
(the "Corporation")**

RECITALS:

- A. Greg Nordal, Michael Andrews, Chris Besse, James Reeve and Susan Cline (the "Executives") are executives of the Corporation.
- B. It is in the best interests of the Corporation to ensure that each of the Executives continues to provide services to the Corporation.

- C. The Corporation has entered into a retention agreement with each of the Executives (the "**Retention Agreements**") providing that each of the Executives shall continue to provide services to the Corporation until at least December 31, 2014 in consideration of an aggregate payment to the Executives of C\$1,311,563 (the "**Payment**").

NOW THEREFORE BE IT RESOLVED THAT:

Retention Agreements

- 1. Each of the Retention Agreements is hereby and ratified and confirmed and the entering into, execution and delivery of each of the Retention Agreements by the Corporation is hereby ratified and confirmed.
- 2. Subject to and in accordance with the terms of each of the Retention Agreements, the Corporation is hereby authorized to make the Payment and to perform all of its obligations under each of the Retention Agreements.

General

- 3. The execution and delivery of the Retention Agreements by any one officer or any one director of the Corporation (each, an "**Authorized Officer**") on behalf of the Corporation is hereby ratified and confirmed.
- 4. The Corporation is hereby authorized to take all such further actions and to execute and deliver all agreements, instruments, elections and documents relating to, contemplated by, necessary and/or desirable in connection with the Retention Agreements (collectively, with the Retention Agreements, the "**Documents**") in the name and on behalf of the Corporation and under its corporate seal or otherwise.
- 5. Each Authorized Officer is hereby authorized and directed to take all such further actions, to execute and deliver such further agreements, instruments, elections and documents in

APPENDIX A - Resolutions of Nelson Education Ltd.

writing and to do all such other acts and things as in his or her opinion may be necessary and/or desirable in the name and on behalf of the Corporation and under its corporate seal or otherwise to give effect to the foregoing resolutions, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such further agreements, instruments and documents and the doing of such other acts and things.

6309210

TAB 11

EXHIBIT NO. 11
EXAM OF Greg Nordal
DATE Aug 4, 2015
REPORTER Lisa Lambert
ICAP REPORTING SERVICES INC.

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

NOTICE OF EXAMINATION

TO: Greg Nordal, CEO of Nelson Education Limited

c/o Robert Chadwick and Jessica Kimmel
Goodmans LLP
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Email: rchadwick@goodmans.ca and jkimmel@goodmans.ca

YOU ARE REQUIRED TO ATTEND, on Tuesday, the 4th day of August, 2015 at 10:00 a.m. at the office of Arbitration Place, Bay Adelaide Centre, 900-333 Bay Street, Toronto, Ontario, M5H 2T4 for:

Cross-examination on your affidavits sworn May 11, 2015 and July 22, 2015

YOU ARE REQUIRED TO BRING WITH YOU and produce at the examination the documents and things (capitalized terms not defined herein shall have the meaning ascribed to them in the Applicants' Notice of Motion dated May 15, 2015 and Royal Bank of Canada's Notice of Motion dated July 13, 2015 both returnable on August 13, 2015):

1. All board minutes (including subcommittee minutes) where the payment or non-payment of fees and/or interest to the Second Lien Lenders and the negotiation and execution of the Support Agreement was considered including all minutes to the board meetings referenced in Mr. Nordal's answers to written questions dated May 25, 2015; and
2. All correspondence in any form (including emails) between Nelson Education and the First Lien Lenders (including among Nelson Education's and the First Lien Lenders' counsel and financial advisors) regarding the negotiation and execution of the support agreement or the payment or non-payment of any amounts owing to the Second Lien Lenders from February, 2014 to the date of the CCAA filing.
3. Any information, communications, financial projections, business plans and updates that have been provided to Heritage Canada in writing from the Company, including its counsel or financial advisors, from March, 2014 to May 12, 2015;
4. Pitch materials prepared by A&M and Houlihan in connection with the investment banker selection process;
5. Any demand for payment or notice of intention to enforce security issued by the First Lien Agent on behalf of the First Lien Lenders to the Company after July 1, 2014; and
6. Such further and other documents in your possession, control or power relevant to any matter in issue arising in the Applicants Notice of Motion or the RBC Notice of Motion.

July 29, 2015

THORNTON GROUT FINNIGAN LLP

Barristers & Solicitors
Suite 3200, TD West Tower
100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

D.J. Miller

Tel: (416) 304-0559
Fax: (416) 304-1313
Email: djmiller@tgf.ca

Kyla E. M. Mahar

Tel: (416) 304-0594
Fax: (416) 304-1313
Email: kmahar@tgf.ca

Lawyers for Royal Bank of Canada

TO:

GOODMANS LLP

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto ON, M5H 2S7

Robert J. Chadwick

Tel: (416) 597-4285
Fax: (416) 979-1234
Email: rchadwick@goodmans.ca

Caroline Descours

Tel: (416) 597-6275
Fax: (416) 979-1234
Email: cdescours@goodmans.ca

Sydney Young

Tel: (416) 849.6965
Fax: (416) 979-1234
Email: syoung@goodmans.ca

Lawyers for the Applicants

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. (collectively, the "APPLICANTS")

Court File No.: CV15-10961-CL

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

Proceedings commenced at Toronto

**NOTICE OF EXAMINATION OF
GREG NORDAL**

Thornton Grout Finnigan LLP
Barristers & Solicitors
Suite 3200, TD West Tower
100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

D.J. Miller (LSUC# 34393P)
djmiller@tgf.ca
Tel: (416) 304-0559

Kyla E. M. Mahar (LSUC# 44182G)
kmahar@tgf.ca
Tel: (416) 304-0594
Fax: (416) 304-1313
Lawyers for Royal Bank of Canada

TAB 12

EXHIBIT NO. 12
EXAM OF Greg Nordal
DATE AUG 4, 2015
REPORTER Lisa Lambert
ARAP REPORTING SERVICES INC.

NELSON EDUCATION LTD.

MEETING OF THE BOARD OF DIRECTORS

March 27, 2014

MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company") was duly called and scheduled for Thursday, March 27, 2014, at 9:30 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were on the conference call, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

Christian Stahl (via teleconference)

Paul Renaud (via teleconference)

John Bell (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company also attended the meeting (via teleconference) by invitation of the Board. Company advisors, Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC, attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick and Caroline Descours (both via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations

are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At 9:30 a.m., the meeting was called to order by the Chairman. Given certain time restrictions for some of the meeting attendees, it was suggested and agreed that the agenda as circulated be realigned to accommodate the time restrictions.

Lien 2, Quarter End Interest Payment

Mr. Mullet provided an update on the latest conversations held with RBC as agent of the Second Lien Lenders.

Redacted for privilege

Mr. Mullet had provided RBC with notice on behalf of the Company directing RBC not to take the interest payment that would be due under the second lien credit agreement on March 31st from the Company's bank account on March 31st.

Redacted for privilege

The advisors and the Board discussed the implications of the options presented and the Board agreed that the Company would not pay the second lien interest due on March 31st and would continue discussions with the second lien agent during the cure period under the second lien credit agreement. Goodmans was directed to draft a letter addressed to RBC as agent of the Second Lien Lenders on behalf of the Company, to be signed by an appropriate Company signatory, and send it to RBC as formal direction that

RBC is to not take from the Company's bank account the interest payment due March 31st until further written direction from the Company.

Status of Quarter End Debt Covenant

Mr. Nordal provided an update on the debt covenant status. Since the previous Board meeting, the Canadian Dollar had strengthened relative to the US Dollar which significantly improved the likelihood of maintaining compliance with the Company's Senior Secured Leverage ratio for the twelve months ending March 31, 2014. Mr. Nordal discussed a potential cost cutting initiative which would remove approximately \$1.5M in costs and would improve EBITDA by approximately \$1.5M.

In addition to the above noted cost cutting initiative, which would be favourable to the Company's goal to stay within the Second Quarter Debt Covenant, Management used the cash proceeds from the sale of the Cengage Learning 10.5% notes to pay down the first lien debt, in accordance with a resolution from the Directors undertaken at the previous Board meeting. At 33.5% of face value, the sale of the Cengage notes provided approximately \$US5.7M in cash to be applied to the first lien debt pay down. While the fluctuating Canadian Dollar (relative to the US Dollar) presented a slight risk to compliance with the Senior Secured Leverage Ratio for the twelve month period ending March 31, 2014, as a result of the cost cutting initiative and the debt pay down, Management expected to be in compliance with the covenant.

At approximately 10:10 a.m., Mr. Renaud excused himself from the meeting.

Revised Draft First Lien Term Sheet

Redacted for privilege

At approximately 10:30 a.m., Mr. Chadwick excused himself from the meeting.

Adjournment of Meeting

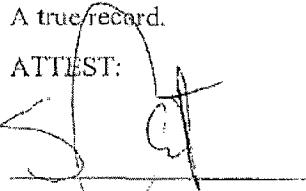
The Board determined that there was no further business to conduct, and resolved
as follows:

At approximately 10:40 a.m., it was unanimously **RESOLVED:** To adjourn.

Adjourned accordingly.

A true record.

ATTEST:



Stephen Aubert

Vice President Finance and Controller

NELSON EDUCATION LTD.
MEETING OF THE BOARD OF DIRECTORS
March 27, 2014
MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company") was duly called and scheduled for Thursday, March 27, 2014, at 9:30 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were on the conference call, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

Christian Stahl (via teleconference)

Paul Renaud (via teleconference)

John Bell (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company also attended the meeting (via teleconference) by invitation of the Board. Company advisors, Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC, attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick and Caroline Descours (both via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations

are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At 9:30 a.m., the meeting was called to order by the Chairman. Given certain time restrictions for some of the meeting attendees, it was suggested and agreed that the agenda as circulated be realigned to accommodate the time restrictions.

Lien 2, Quarter End Interest Payment

Mr. Mullet provided an update on the latest conversations held with RBC as agent of the Second Lien Lenders. Nelson's advisors have initiated discussions with RBC with a view of extending the second lien interest payment cure period in respect of the March 31st interest payment under the second lien credit agreement to allow more time to advance discussions with the First Lien Ad Hoc Committee in connection with the first lien credit agreement and discussions with RBC in connection with the second lien credit agreement. Mr. Mullet had provided RBC with notice on behalf of the Company directing RBC not to take the interest payment that would be due under the second lien credit agreement on March 31st from the Company's bank account on March 31st. Formal feedback had not yet been received from RBC on the proposal to extend the cure period.

The advisors and the Board discussed the implications of the options presented and the Board agreed that the Company would not pay the second lien interest due on March 31st and would continue discussions with the second lien agent during the cure period under the second lien credit agreement. Goodmans was directed to draft a letter addressed to RBC as agent of the Second Lien Lenders on behalf of the Company, to be signed by an appropriate Company signatory, and send it to RBC as formal direction that

RBC is to not take from the Company's bank account the interest payment due March 31st until further written direction from the Company.

Status of Quarter End Debt Covenant

Mr. Nordal provided an update on the debt covenant status. Since the previous Board meeting, the Canadian Dollar had strengthened relative to the US Dollar which significantly improved the likelihood of maintaining compliance with the Company's Senior Secured Leverage ratio for the twelve months ending March 31, 2014. Mr. Nordal discussed a potential cost cutting initiative which would remove approximately \$1.5M in costs and would improve EBITDA by approximately \$1.5M.

In addition to the above noted cost cutting initiative, which would be favourable to the Company's goal to stay within the Second Quarter Debt Covenant, Management used the cash proceeds from the sale of the Cengage Learning 10.5% notes to pay down the first lien debt, in accordance with a resolution from the Directors undertaken at the previous Board meeting. At 33.5% of face value, the sale of the Cengage notes provided approximately \$US5.7M in cash to be applied to the first lien debt pay down. While the fluctuating Canadian Dollar (relative to the US Dollar) presented a slight risk to compliance with the Senior Secured Leverage Ratio for the twelve month period ending March 31, 2014, as a result of the cost cutting initiative and the debt pay down, Management expected to be in compliance with the covenant.

At approximately 10:10 a.m., Mr. Renaud excused himself from the meeting.

Revised Draft First Lien Term Sheet

Redacted for privilege

At approximately 10:30 a.m., Mr. Chadwick excused himself from the meeting.

Adjournment of Meeting

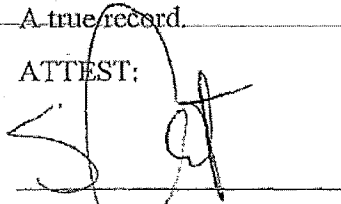
The Board determined that there was no further business to conduct, and resolved
as follows:

At approximately 10:40 a.m., it was unanimously **RESOLVED**: To adjourn.

Adjourned accordingly.

A true record.

ATTEST:



Stephen Aubert

Vice President Finance and Controller

TAB 13

EXHIBIT NO. 13
EXAM OF Greg Nordal
DATE Aug 4, 2015
REPORTER Lisa Lamberti
ASAP REPORTING SERVICES INC.

NELSON EDUCATION LTD.
MEETING OF THE BOARD OF DIRECTORS
April 7, 2014
MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company") was duly called and scheduled for Monday, April 7, 2014, at 7:00 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were on the conference call, constituting a quorum:

Ronald Dunn (via teleconference)
Greg Nordal (via teleconference)
Christian Stahl (via teleconference)
Paul Renaud (via teleconference)
John Bell (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company also attended the meeting (via teleconference) by invitation of the Board. Company advisor Dean Mullet of Alvarez & Marsal Canada Securities ULC, attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick and Caroline Descours (both via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations

are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At 7:05 a.m., the meeting was called to order by the Chairman.

Second Lien Quarterly Interest Payment

Mr. Mullet provided an update on the latest conversations held with RBC (as agent of the Second Lien Lenders) relating to an extension of the cure period for the interest payment due on March 31st under the Second Lien Credit Agreement by 30 days.

Redacted for privilege

The Board agreed to give Mr. Nordal discretion to pay a portion of interest due under the Second Lien Credit Agreement in connection with the extension of the cure period by 30 days.

Revised Draft Term Sheet Discussion

Redacted for privilege

It was concluded that further facts needed to be gathered and current circumstances reviewed prior to providing any revised draft term sheet to the First Lien Steering Committee.

Adjournment of Meeting

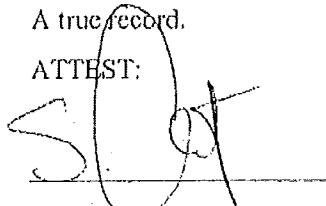
The Board determined that there was no further business to conduct, and resolved
as follows:

At approximately 8:10 a.m., it was unanimously **RESOLVED:** To adjourn.

Adjourned accordingly.

A true record.

ATTEST:

A handwritten signature in black ink, appearing to read "S. Aubert", written over a horizontal line.

Stephen Aubert

Vice President Finance and Controller

NELSON EDUCATION LTD.
MEETING OF THE BOARD OF DIRECTORS
April 7, 2014
MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company") was duly called and scheduled for Monday, April 7, 2014, at 7:00 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were on the conference call, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

Christian Stahl (via teleconference)

Paul Renaud (via teleconference)

John Bell (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company also attended the meeting (via teleconference) by invitation of the Board. Company advisor Dean Mullet of Alvarez & Marsal Canada Securities ULC, attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick and Caroline Descours (both via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations

are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At 7:05 a.m., the meeting was called to order by the Chairman.

Second Lien Quarterly Interest Payment

Mr. Mullet provided an update on the latest conversations held with RBC (as agent of the Second Lien Lenders) relating to an extension of the cure period for the interest payment due on March 31st under the Second Lien Credit Agreement by 30 days.

It was expected that an extension of the cure period by the Second Lien Lenders would likely require a partial interest payment of approximately 10% of the \$2.6M interest payment due. The Board agreed to give Mr. Nordal discretion to pay a portion of interest due under the Second Lien Credit Agreement in connection with the extension of the cure period by 30 days.

Revised Draft Term Sheet Discussion

Redacted for privilege

It was concluded that further facts needed to be gathered and current circumstances reviewed prior to providing any revised draft term sheet to the First Lien Steering Committee.

Adjournment of Meeting

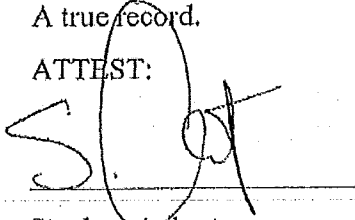
The Board determined that there was no further business to conduct, and resolved
as follows:

At approximately 8:10 a.m., it was unanimously **RESOLVED:** To adjourn.

Adjourned accordingly.

A true record.

ATTEST:

A handwritten signature in black ink, appearing to be 'S. Aubert', written over a horizontal line.

Stephen Aubert

Vice President Finance and Controller

TAB 14

EXHIBIT NO 14
EXAM OF Greg Nordal
DATE Aug 9, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

NELSON EDUCATION LTD.

MEETING OF THE BOARD OF DIRECTORS

June 27, 2014

MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company" or "Nelson") was duly called and scheduled for Friday, June 27, 2014, at 7:00 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were present, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

Christian Stahl (via teleconference)

John Bell (via teleconference)

Paul Renaud (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company and Tripp Lane of Apax Partners also attended the meeting (via teleconference) by invitation of the Board. Company advisors Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC, attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick, Shevaun McGrath and Caroline Descours (via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations

are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At approximately 7:05 a.m., the meeting was called to order by the Chairman.

Other Business

Mr. Dunn proposed starting the meeting with certain resolutions that required the Board's approval:

Change in Financial Year End

WHEREAS at a meeting of the board of directors of the Corporation held March 20, 2014 the Board of Directors discussed changing the financial year end of the Corporation from June 30 to March 31 and delegated to management of the Corporation the authority to make such decision;

AND WHEREAS management has determined to change the financial year end to March 31, commencing with the financial year ending March 31, 2014;

NOW THEREFORE BE IT RESOLVED that the change of the financial year end of the Corporation from June 30 to March 31, commencing with the financial year ending March 31, 2014 is hereby ratified and confirmed.

Non-Payment of Interest Under the Second Lien Credit Agreement

WHEREAS the Corporation is in continuing discussions with the First Lien Steering Committee in connection with the first lien credit agreement and discussions with the Second Lien Agent in connection with the second lien credit agreement;

NOW THEREFORE BE IT RESOLVED that in light of the continuing discussions with its lenders, the Corporation is authorized to not make the interest payment due June 30, 2014 under the second lien credit agreement and to deliver notice of such non-payment to RBC, as agent under the second lien credit agreement.

Employee Communication

Given the potential for public disclosure of Nelson's possible defaults under its first and second lien credit agreements, Mr. Nordal sought input from the Board regarding communication to Nelson employees of the refinancing initiative and the possible defaults.

Update on Status of Refinancing Discussions

The Company's advisors provided an update on the meeting with the First Lien Steering Committee and its advisors held the previous day in New York. The purpose of the meeting was for the Company's advisors to outline the Company's revised term sheet and key factors related to the proposed transaction and to provide the First Lien Steering Committee and its advisors with an opportunity to respond to the term sheet that had been proposed by the Company earlier in the week. The meeting with the First Lien Steering Committee included all current members of the Steering Committee, representing approximately **Redacted for privilege**

During the meeting, the Company's advisors:

Redacted for privilege

Redacted for privilege

Throughout the meeting, there was active participation by members of the First Lien Steering Committee attendees. The Company's advisors focused on four possible viable alternatives available to the Company (which were outlined in detail during the previous Board meeting).

After the meeting with the First Lien Steering Committee, the Company's advisors received a call from the First Lien Steering Committee's advisors (Alix Partners LLP and Willkie Farr & Gallagher LLP) to discuss the term sheet proposed by the Company. This call followed an approximately 1.5 hour meeting between the First Lien Steering Committee and its advisors. The First Lien Steering Committee's advisor indicated that the First Lien Steering Committee was willing to work with the term sheet as proposed by the Company with specific modifications:

Redacted for privilege

The Board considered all of the information provided by the Company's advisors and discussed the specific issues in detail.

The Company's advisors recommended that the Company respond to the modifications as outlined above later in the day on terms which would be acceptable to the Company and the shareholders. The Board agreed that the advisors should respond to the First Lien Steering Committee with a term sheet addressing certain acceptable matters.

Redacted for privilege

Mr. Dunn excused himself from the meeting at approximately 8:40 a.m.

March 31, 2014 Audited Financial Statements Approval

While the draft March 31, 2014 Financial Statements were reviewed and formally approved during the June 18, 2014 Board of Directors meeting, the changes to the financial statements since that date were material (specifically the write-off of Goodwill and Intangibles were a material adjustment to the financial statements).

Mr. Bell, Chair of the Audit Committee, proposed that the Financial Statements be subject to final approval by the Board. Mr. Bell recommended approval of the Financial Statements. A motion was made to approve the Audited Consolidated Financial Statements of the Company for the Fiscal Nine Month Period ended March 31, 2014.

The motion was seconded and the Board approved such financial statements.

RESOLVED: that the Audited Consolidated Financial Statements of the Company for the Nine Month Fiscal Period ended March 31, 2014 are hereby approved, confirmed and ratified.

Mr. Bell requested that management circulate a summary of the valuation of the business used in determining the impairment of Goodwill and Intangibles.

Employee Communication

Mr. Nordal reintroduced the topic of employee communication and the Board confirmed the importance of communicating to employees about the status of the refinancing initiative, given that the Company was approaching a default on the outstanding debt and the pending communications from S&P and Moody's on Nelson's debt. The Board agreed that a business as usual message would be the best approach in communicating to the employees and supported Mr. Nordal's intention to update the

organization accordingly. The employees should also be notified that the Company continues to work toward a consensual agreement with the lenders.

Redacted for privilege

Discussion with Independent Board Members

At approximately 9 a.m., all meeting participants except for Rob Chadwick, Michael Andrews, John Bell, Greg Nordal, Dean Mullet and Stephen Aubert were excused from the remainder of the call.

There were no new issues addressed with the Independent Board members.

Adjournment of Meeting

The Board determined that there was no further business to conduct, and resolved as follows:

At approximately 9:05 a.m., it was unanimously **RESOLVED:** To adjourn.

Adjourned accordingly.

A true record.

ATTEST:

A handwritten signature in black ink, appearing to read 'S. Aubert', is written over a horizontal line. The signature is stylized and somewhat cursive.

Stephen Aubert

Vice President Finance and Controller

NELSON EDUCATION LTD.
MEETING OF THE BOARD OF DIRECTORS
June 27, 2014
MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company" or "Nelson") was duly called and scheduled for Friday, June 27, 2014, at 7:00 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were present, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

Christian Stahl (via teleconference)

John Bell (via teleconference)

Paul Renaud (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company and Tripp Lane of Apax Partners also attended the meeting (via teleconference) by invitation of the Board. Company advisors Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC, attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick, Shevaun McGrath and Caroline Descours (via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations

are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At approximately 7:05 a.m., the meeting was called to order by the Chairman.

Other Business

Mr. Dunn proposed starting the meeting with certain resolutions that required the Board's approval:

Change in Financial Year End

WHEREAS at a meeting of the board of directors of the Corporation held March 20, 2014 the Board of Directors discussed changing the financial year end of the Corporation from June 30 to March 31 and delegated to management of the Corporation the authority to make such decision;

AND WHEREAS management has determined to change the financial year end to March 31, commencing with the financial year ending March 31, 2014;

NOW THEREFORE BE IT RESOLVED that the change of the financial year end of the Corporation from June 30 to March 31, commencing with the financial year ending March 31, 2014 is hereby ratified and confirmed.

Non-Payment of Interest Under the Second Lien Credit Agreement

WHEREAS the Corporation is in continuing discussions with the First Lien Steering Committee in connection with the first lien credit agreement and discussions with the Second Lien Agent in connection with the second lien credit agreement;

NOW THEREFORE BE IT RESOLVED that in light of the continuing discussions with its lenders, the Corporation is authorized to not make the interest payment due June 30, 2014 under the second lien credit agreement and to deliver notice of such non-payment to RBC, as agent under the second lien credit agreement.

Employee Communication

Given the potential for public disclosure of Nelson's possible defaults under its first and second lien credit agreements, Mr. Nordal sought input from the Board regarding communication to Nelson employees of the refinancing initiative and the possible defaults.

Update on Status of Refinancing Discussions

The Company's advisors provided an update on the meeting with the First Lien Steering Committee and its advisors held the previous day in New York. The purpose of the meeting was for the Company's advisors to outline the Company's revised term sheet and key factors related to the proposed transaction and to provide the First Lien Steering Committee and its advisors with an opportunity to respond to the term sheet that had been proposed by the Company earlier in the week. The meeting with the First Lien Steering Committee included all current members of the Steering Committee, representing approximately [REDACTED] % of the First Lien Lenders, and their advisors, and did not include [REDACTED]

During the meeting, the Company's advisors:

- Focused on what was best for the business while taking into account all stakeholders,
- Advised the First Lien Steering Committee that the Company was willing to take the appropriate and necessary steps and actions for the good of the business,

- Confirmed the Company and its Board continued to advocate for 100% consensus among the lenders, but that implementing a transaction by way of a CBCA process could be a possible alternative depending on the circumstances,
 - Emphasized the potential risks related to seeking approval from Heritage Canada in the context of non-Canadian ownership,
 - Emphasized that the current shareholders of the Company are interested in doing what is best for the Company and its stakeholders under the current circumstances, and
-
- ~~Advised that the Second Lien Agent was not supportive of the term sheet that had previously been proposed by the First Lien Steering Committee.~~

Throughout the meeting, there was active participation by members of the First Lien Steering Committee attendees. The Company's advisors focused on four possible viable alternatives available to the Company (which were outlined in detail during the previous Board meeting).

After the meeting with the First Lien Steering Committee, the Company's advisors received a call from the First Lien Steering Committee's advisors (Alix Partners LLP and Willkie Farr & Gallagher LLP) to discuss the term sheet proposed by the Company. This call followed an approximately 1.5 hour meeting between the First Lien Steering Committee and its advisors. The First Lien Steering Committee's advisor indicated that the First Lien Steering Committee was willing to work with the term sheet as proposed by the Company with specific modifications:

- The Cash Sweep mechanism should be based on 75% of annual Excess Cash Flow;
- An Event of Default should be triggered if Cengage were to provide a notice of non-renewal or if they were to cancel the Operating Agreement;
- The term sheet should include 7% cash interest and 5% PIK interest;
- An early consent fee of 7% which would be added to the principal of the loan;
- A covenant requiring the First Lien Lenders' approval of any cost savings plan and business plan;
- Preference for a forbearance agreement rather than a CBCA transaction, but prepared to continue dialogue on transaction structure.

The Board considered all of the information provided by the Company's advisors and discussed the specific issues in detail.

The Company's advisors recommended that the Company respond to the modifications as outlined above later in the day on terms which would be acceptable to the Company and the shareholders. The Board agreed that the advisors should respond to the First Lien Steering Committee with a term sheet addressing certain acceptable matters.

Redacted for privilege

Mr. Dunn excused himself from the meeting at approximately 8:40 a.m.

March 31, 2014 Audited Financial Statements Approval

While the draft March 31, 2014 Financial Statements were reviewed and formally approved during the June 18, 2014 Board of Directors meeting, the changes to the financial statements since that date were material (specifically the write-off of Goodwill and Intangibles were a material adjustment to the financial statements).

Mr. Bell, Chair of the Audit Committee, proposed that the Financial Statements be subject to final approval by the Board. Mr. Bell recommended approval of the Financial Statements. A motion was made to approve the Audited Consolidated Financial Statements of the Company for the Fiscal Nine Month Period ended March 31, 2014.

The motion was seconded and the Board approved such financial statements.

RESOLVED: that the Audited Consolidated Financial Statements of the Company for the Nine Month Fiscal Period ended March 31, 2014 are hereby approved, confirmed and ratified.

Mr. Bell requested that management circulate a summary of the valuation of the business used in determining the impairment of Goodwill and Intangibles.

Employee Communication

Mr. Nordal reintroduced the topic of employee communication and the Board confirmed the importance of communicating to employees about the status of the refinancing initiative, given that the Company was approaching a default on the outstanding debt and the pending communications from S&P and Moody's on Nelson's debt. The Board agreed that a business as usual message would be the best approach in communicating to the employees and supported Mr. Nordal's intention to update the

organization accordingly. The employees should also be notified that the Company continues to work toward a consensual agreement with the lenders.

Redacted for privilege

Discussion with Independent Board Members

At approximately 9 a.m., all meeting participants except for Rob Chadwick, Michael Andrews, John Bell, Greg Nordal, Dean Mullet and Stephen Aubert were excused from the remainder of the call.

There were no new issues addressed with the Independent Board members.

Adjournment of Meeting


The Board determined that there was no further business to conduct, and resolved as follows:

At approximately 9:05 a.m., it was unanimously **RESOLVED:** To adjourn.

Adjourned accordingly.

A true record

ATTEST:

A handwritten signature in black ink, appearing to be 'S. Aubert', written over a horizontal line.

Stephen Aubert

Vice President Finance and Controller

TAB 15

EXHIBIT NO 15
EXAM OF Greg Nordal
DATE AUG 4, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

**NELSON EDUCATION LTD.
MEETING OF THE BOARD OF DIRECTORS**

August 5, 2014

MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company" or "Nelson") was duly called and scheduled for Tuesday, August 5, 2014, at 8:30 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were present, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

John Bell (via teleconference)

Paul Renaud (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company and Tripp Lane of Apax Partners also attended the meeting (via teleconference) by invitation of the Board. Company advisors Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC (A&M), attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick (via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At approximately 8:30 a.m., the meeting was called to order by the Chairman.

Update with advisors regarding the Company refinancing initiatives and Discussion of revised First Lien Term Sheet

The Company's advisors provided an update on discussions held with the First Lien Steering Committee which have taken place since the previous Board of Director's meeting. The First Lien Steering Committee is advancing a debt to equity conversion transaction. The Company's advisors have reviewed a number of matters to be addressed by the First Lien Steering Committee in contemplation of a debt to equity conversion. The First Lien Steering Committee's advisors had requested a revised term sheet reflecting the Company's comments and a sales process timeline. Rob Chadwick confirmed that a revised term sheet, draft sales process, and a transaction timeline were provided to counsel to the First Lien Steering Committee on Sunday, August 3, 2014, subject to further review and comments of the Board and Management. The Company's primary goal continues to be to maintain stability and value for the Company and to reach a consensual agreement with all lenders.

The Second Lien Agent's advisors have had discussions with the First Lien Steering Committee's advisors and addressed various options

Redacted for privilege

The revised term sheet being proposed by the Company outlines the steps involved in a potential Sales and Investment Solicitation Process. The Company's advisors were directed by the Board to continue to advance discussions with the advisors

to the First Lien Steering Committee and the Second Lien Agent with the aim of achieving a consensual agreement.

At approximately 9:20 a.m., the representative of Apax Partners (Mr. Lane) excused himself from the remainder of the conference call.

The Directors discussed whether it was appropriate for Mr. Stahl to continue as a Nelson Education Ltd. Board member in light of the potential future acquisition of the Company by Cengage Learning (given that Mr. Stahl is a Board member of Cengage Learning).

Redacted for privilege

The Board also discussed continuing operations while in default and the implications on the Operating Agreement with Cengage Learning.

At approximately 9:30 a.m., the representatives of A&M (Mr. Mullet and Mr. Zalev) excused themselves from the remainder of the conference call.

Mr. Renaud raised the issue of engaging an advisor for the potential sales and investment solicitation process. The Board requested that Goodmans investigate and advance matters related to potential advisory firms and report back to the Board.

The Board discussed the advisory fees which have been paid to the advisors to the First Lien Steering Committee and to the Second Lien Agent and addressed CDG (Second Lien Agent's financial advisor) specifically. All agreed that without further progress, a reduction in fees paid to CDG would likely be imposed and delegated authority to Management to manage the CDG advisory fees.

Adjournment of Meeting

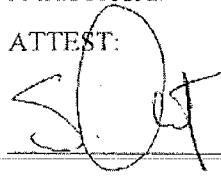
The Board determined that there was no further business to conduct, and resolved
as follows:

At approximately 9:55 a.m., it was unanimously **RESOLVED:** To adjourn.

Adjourned accordingly.

A true record.

ATTEST:

A handwritten signature in black ink, appearing to read 'S. Aubert', is written over a horizontal line.

Stephen Aubert

Vice President Finance and Controller

NELSON EDUCATION LTD.
MEETING OF THE BOARD OF DIRECTORS

August 5, 2014

MINUTES

A meeting of the Board of Directors of Nelson Education Ltd. (the "Company" or "Nelson") was duly called and scheduled for Tuesday, August 5, 2014, at 8:30 a.m. via teleconference pursuant to a notice sent to all Directors. The following Directors were present, constituting a quorum:

Ronald Dunn (via teleconference)

Greg Nordal (via teleconference)

John Bell (via teleconference)

Paul Renaud (via teleconference)

Stephen Aubert, VP Finance and Controller of the Company, attended the meeting (via teleconference) by invitation of the Board and acted as Secretary of the meeting. Michael Andrews, CFO and Senior VP Finance of the Company and Tripp Lane of Apax Partners also attended the meeting (via teleconference) by invitation of the Board. Company advisors Dean Mullet and Adam Zalev of Alvarez & Marsal Canada Securities ULC (A&M), attended the meeting (via teleconference) by special invitation of the Board. The Company's legal counsel, Goodmans LLP, was represented in the meeting by Rob Chadwick (via teleconference).

A package of relevant information was sent to the Directors in advance of the meeting. For purposes of these minutes, references to the Company's business operations are intended to include the operations of Nelson Education Ltd. as conducted by the direct and indirect subsidiaries of the Company.

At approximately 8:30 a.m., the meeting was called to order by the Chairman.

Update with advisors regarding the Company refinancing initiatives and Discussion of revised First Lien Term Sheet

The Company's advisors provided an update on discussions held with the First Lien Steering Committee which have taken place since the previous Board of Director's meeting. The First Lien Steering Committee is advancing a debt to equity conversion transaction. The Company's advisors have reviewed a number of matters to be addressed by the First Lien Steering Committee in contemplation of a debt to equity conversion.

The First Lien Steering Committee's advisors had requested a revised term sheet reflecting the Company's comments and a sales process timeline. Rob Chadwick confirmed that a revised term sheet, draft sales process, and a transaction timeline were provided to counsel to the First Lien Steering Committee on Sunday, August 3, 2014, subject to further review and comments of the Board and Management. The Company's primary goal continues to be to maintain stability and value for the Company and to reach a consensual agreement with all lenders.

The Second Lien Agent's advisors have had discussions with the First Lien Steering Committee's advisors and addressed various options whereby the Second Lien Lenders would receive some value from a potential transaction. The First Lien Steering Committee and Second Lien Agent have not yet reached agreement.

The revised term sheet being proposed by the Company outlines the steps involved in a potential Sales and Investment Solicitation Process. The Company's advisors were directed by the Board to continue to advance discussions with the advisors.

to the First Lien Steering Committee and the Second Lien Agent with the aim of achieving a consensual agreement.

At approximately 9:20 a.m., the representative of Apax Partners (Mr. Lane) excused himself from the remainder of the conference call.

The Directors discussed whether it was appropriate for Mr. Stahl to continue as a Nelson Education Ltd. Board member in light of the potential future acquisition of the Company by Cengage Learning (given that Mr. Stahl is a Board member of Cengage Learning). The Board discussed timelines with respect to discussions with Cengage as well as with Heritage Canada in light of the potential debt to equity transaction. The Board also discussed continuing operations while in default and the implications on the Operating Agreement with Cengage Learning.

At approximately 9:30 a.m., the representatives of A&M (Mr. Mullet and Mr. Zaley) excused themselves from the remainder of the conference call.

Mr. Renaud raised the issue of engaging an advisor for the potential sales and investment solicitation process. The Board requested that Goodmans investigate and advance matters related to potential advisory firms and report back to the Board.

The Board discussed the advisory fees which have been paid to the advisors to the First Lien Steering Committee and to the Second Lien Agent and addressed CDG (Second Lien Agent's financial advisor) specifically. All agreed that without further progress, a reduction in fees paid to CDG would likely be imposed and delegated authority to Management to manage the CDG advisory fees.

Adjournment of Meeting

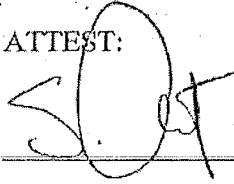
The Board determined that there was no further business to conduct, and resolved
as follows:

At approximately 9:55 a.m., it was unanimously **RESOLVED**: To adjourn.

Adjourned accordingly.

A true record.

ATTEST:

A handwritten signature in black ink, appearing to read 'S. Aubert', written over a horizontal line.

Stephen Aubert

Vice President Finance and Controller

TAB 16

EXHIBIT NO 16 WTA
EXAM OF BRG Nodal
DATE AUG 4, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

Execution Version

SUPPLEMENTAL ADMINISTRATIVE AGENT AGREEMENT

Dated as of May [], 2015

by and between

WILMINGTON TRUST, NATIONAL ASSOCIATION,

as First Lien Agent,

and

CORTLAND CAPITAL MARKET SERVICES LLC,

as Supplemental Administrative Agent

This SUPPLEMENTAL ADMINISTRATIVE AGENT AGREEMENT (this "Agreement"), is entered into as of May [], 2015, by and between WILMINGTON TRUST, NATIONAL ASSOCIATION, as Administrative Agent and Collateral Agent (in such capacities, the "First Lien Agent") for the Secured Parties (as defined in the Credit Agreement referred to below), and CORTLAND CAPITAL MARKET SERVICES LLC, as sub-agent and supplemental administrative agent under this Agreement and such Credit Agreement ("Cortland" or the "Supplemental Administrative Agent") for the Secured Parties.

PRELIMINARY STATEMENTS

Nelson Education Ltd., a corporation incorporated under the laws of Canada (the "Borrower"), has entered into that certain (a) Credit Agreement, dated as of July 5, 2007 (as it may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), with Nelson Education Holdings Ltd. ("Holdings"), the First Lien Agent, and the lenders from time to time party thereto (the "Lenders"), and (b) Support Agreement, dated as of September 10, 2014 (as it may be amended, supplemented or otherwise modified from time to time), with Holdings, the First Lien Agent and certain Lenders party thereto. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

Pursuant to the Support Agreement, the Lenders are preparing to credit bid all of the debt owing to them under the Credit Agreement to effectuate transactions that ultimately will involve the receipt by the Lenders of (a) common shares of a new holding company ("Newco") to be incorporated under the laws of a province of Canada that will own all of the shares of a newly-incorporated operating subsidiary ("Opco"), which will acquire certain business assets (and assume certain liabilities) of Nelson and (b) the term loans issued by Opco (such transactions, together with all the actions to be taken in connection with the implementation of such transactions, collectively, the "Transaction").

The First Lien Agent desires to appoint the Supplemental Administrative Agent, and the Supplemental Administrative Agent has agreed to be so appointed, all in accordance with Section 9.13 of the Credit Agreement, as the First Lien Agent's sub-agent and supplemental administrative agent under the Credit Agreement and the other Loan Documents solely with respect to implementing the Transaction.

In consideration of the mutual covenants and agreements contained herein, the parties hereto covenant and agree as follows:

ARTICLE I

Supplemental Administrative Agent for Transaction

The First Lien Agent hereby appoints Cortland as the First Lien Agent's sub-agent and supplemental administrative agent as a Supplemental Administrative Agent under the Credit Agreement and the other Loan Documents solely with respect to implementing the Transaction.

The Supplemental Administrative Agent acknowledges and agrees that it will serve as Supplemental Administrative Agent for the First Lien Agent under the Credit Agreement and the other Loan Documents and, as Supplemental Administrative Agent, will be responsible for the following: (a) taking direction under a direction letter from the Required Lenders substantially in the form attached hereto as Exhibit A (the "Direction Letter"); (b) forming Newco and Opco and appointing an employee of the Supplemental Administrative Agent to act as the initial director of each of Newco and Opco; (c) causing the initial director to execute articles of incorporation and bylaws of each of Newco and Opco; (d) causing the initial director to act as authorized signatory of each of Newco and Opco, including in connection with taking steps to open bank accounts, registering for a Business Number, GST/HST account, payroll account from the Canada Revenue Agency, and any and all other government issued tax numbers as may be required, open an ADP account, and obtain employee-related and other registrations; (e) authorizing and subscribing for the issuance of an initial common share of Newco to the Supplemental Administrative Agent; (f) authorizing the subscription by Newco for, and the issuance by Opco of, an initial common share of Opco to Newco; (g) causing the initial director to approve resolutions on Opco's behalf authorizing Opco's entry into an asset purchase agreement for the assets and certain liabilities of the Borrower and a payment and settlement agreement in respect of the Transaction; (h) approving resolutions on behalf of each of Newco and Opco appointing directors selected by the Lenders; (i) causing Opco to enter into the asset purchase agreement and payment and settlement agreement; (j) receiving Opco preferred stock on behalf of the Lenders; (k) transferring the Opco preferred stock to Newco in consideration for additional common shares of Newco; (l) distributing the common shares of Newco to the Lenders or their designees pursuant to their pro rata share of the Credit Agreement, with such percentages to be determined and communicated to the Supplemental Administrative Agent by the First Lien Agent; (m) causing Newco to contribute the Opco preferred stock to Opco in exchange for additional common shares of Opco; and (n) conducting transactions and actions relating or incidental to the foregoing. It is agreed that the obligations of the Supplemental Administrative Agent and the rights of the First Lien Agent and the other Secured Parties in connection with this Supplemental Administrative Agent arrangement will be in all respects subject to the provisions of the Loan Documents. The First Lien Agent's and the Lenders' rights and obligations under the Loan Documents will be unaffected by this Supplemental Administrative Agent arrangement.

ARTICLE II

Consent

By its signature below, the Borrower consents to the provisions of this Agreement and the Supplemental Administrative Agent arrangements provided for herein and agrees that its obligations under the Loan Documents will in no way be diminished or otherwise affected by such provisions or arrangements.

ARTICLE III

Representations, Warranties and Covenants

Each party hereto represents and warrants to the other parties hereto that it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power and authority to enter into and perform its obligations under this Agreement. The First Lien Agent and the Borrower each additionally covenant that it will deliver to the Supplemental Administrative Agent, prior to the effective date of this Agreement, its formation documents, duly completed U.S. tax form, and a Certificate of Good Standing or such other similar documents as the Supplemental Administrative Agent may reasonably require.

ARTICLE IV

Miscellaneous

SECTION 4.01. *Notices.* All notices and other communications provided for hereunder shall be in writing (including by electronic transmission) and mailed, faxed or delivered to it (a) if to the Borrower, addressed to it at 1120 Birchmount Road, Toronto, Ontario, M1K 5G4, Canada, Attention: Greg Nordal, fax no.: (416) 752-8101, email: greg.nordal@nelson.com, (b) with a copy to Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7, Canada, Attention: Rob Chadwick, fax no.: (416) 979-1234, email: rchadwick@goodmans.ca, (c) if to the First Lien Agent, addressed to it at 50 South Sixth Street, Suite 1290, Minneapolis, MN 55402, Attention: Jeffrey Rose, fax no.: (612) 217-5651, email: jrosc@wilmingtontrust.com, (d) if to the Supplemental Administrative Agent, to Cortland Capital Market Services LLC, as Supplemental Administrative Agent, 224 West Washington Street, 21st Floor, Chicago, IL 60606, Attn: Legal Department, fax no.: (312) 376-0751, email: legal@cortlandglobal.com, and (e) with a copy to Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10022, Attention: Paul Shalhoub, fax no.: (212) 728-9764, email: pshalhoub@willkie.com. All such notices and other communications shall be deemed to be given or made at such time as shall be set forth in Section 10.02 of the Credit Agreement.

SECTION 4.02. *Waivers; Amendment.* (a) No failure or delay on the part of any party hereto in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereto are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the

Supplemental Administrative Agent and the First Lien Agent and (to the extent any such waiver, amendment or modification would increase the obligations of the Borrower hereunder or create additional obligations) the Borrower with respect to which such waiver, amendment or modification is to apply.

SECTION 4.03. *Compensation.* By its signature below, the Borrower agrees to pay, and the Supplemental Administrative Agent shall be entitled to receive, as compensation for the Supplemental Administrative Agent's performance of services and duties hereunder, the fees as set forth in the Supplemental Administrative Agent's fee letter, a copy of which is attached hereto as Exhibit A. Any such fees invoiced to the Borrower shall be due within fifteen (15) days of the invoice date. The provisions and obligations of this Section 4.03 shall survive the termination of this Agreement.

SECTION 4.04. *Indemnity.* The Supplemental Administrative Agent shall receive indemnification and shall be exculpated in accordance with the Direction Letter.

SECTION 4.05. *Termination/Resignation.* The Supplemental Administrative Agent shall be entitled to terminate this Agreement, and resign hereunder, upon ninety (90) days prior written notice.

SECTION 4.06. *Parties in Interest.* This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, as well as the Secured Parties, all of whom are intended to be bound by, and to be third party beneficiaries of this Agreement.

SECTION 4.07. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which when so executed shall constitute an original but all of which when taken together shall constitute one and the same agreement. Delivery of an executed signature page to this Agreement by electronic transmission shall be effective as delivery of a manually signed counterpart of this Agreement.

SECTION 4.08. *Governing Law; Jurisdiction; Waiver of a Jury Trial.* (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) ANY LEGAL ACTION OR PROCEEDING ARISING UNDER THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER, THE FIRST LIEN AGENT AND THE SUPPLEMENTAL ADMINISTRATIVE AGENT CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. THE BORROWER, THE FIRST LIEN AGENT AND THE SUPPLEMENTAL ADMINISTRATIVE AGENT IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT.

(c) EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 5.06 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 4.09. *Severability.* Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 4.10. *Headings.* Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting this Agreement.

[Signature Pages to Follow]

13943879.11

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as First Lien Agent**

By: _____
Authorized Signatory

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

By: _____
Authorized Signatory

ACKNOWLEDGED AND AGREED TO:

NELSON EDUCATION LTD., as Borrower

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

13943879.11

Exhibit A

Direction Letter

See attached.

REQUIRED LENDERS DIRECTION TO CREDIT BID

May [], 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 [], 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:

[NEWCO],
as Purchaser

By: _____
Name:
Title:

EXHIBIT A

Form of Asset Purchase Agreement

May 1, 2015

ASSET PURCHASE AGREEMENT

by and between

NELSON EDUCATION LTD.,

as Seller

– and –

[NEWCO],

as Purchaser

Dated as of [•], 2015

TAB II

**ANSWERS TO QUESTIONS TAKEN UNDER ADVISEMENT ON THE CROSS-EXAMINATION
OF GREG NORDAL HELD ON AUGUST 4, 2015**

All responses are provided under a reservation of an omnibus objection that the witness had, and has, no obligation to provide undertakings or make inquiries on a cross-examination, and without waiver of that objection.

No.	UT/UA	Page No	Ques. No.	Question	Answer
1.	U/A	19	70	<p>To advise of the value of the Company's tax losses, the amount.</p> <p>To advise what is going to happen to those losses, if any, after the transaction closes.</p>	<p>The tax return for Nelson Education for its March 31, 2014 taxation year, the last year for which returns have been filed, indicates that the amount of its non-capital losses are approximately \$127.4 million.</p> <p>After the transaction closes, the Company will not have a business so it will not be utilizing the losses. No third party who might have been able to utilize the losses was willing to acquire the Company at a price that would have resulted in repayment of the Company's first lien obligations in full or was otherwise acceptable to the First Lien Lenders.</p>
2.	U/A	20	73	<p>To advise about any tax losses that may be generated as a result of the transaction, including their value and what is proposed to be done with them and who will get the benefit of them.</p>	<p>Based on pro forma estimates, using assumptions as to the purchase price and the purchase price allocation in the transaction, the Company understands that there may be \$80-100 million of losses generated from the sale transaction. The Company understands that the losses will be eliminated if Nelson's debt is compromised and that these losses have no value to Nelson.</p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
3.	U/A	49 - 51			The responses to questions 158-161 and 165 in the transcript from Greg Nordal's cross-examination will only be provided on the basis that it is without prejudice to and without any waiver of solicitor-client, common interest or other applicable privileges (including, without limitation, under the <i>Investment Canada Act</i>) with respect to the subject matter of these responses or with
			158	Do you know whether Heritage Canada knows that RBC is the only Canadian financial institution within the First Lien Lender Group?	respect to the joint submissions made to, or other communications with, Heritage Canada by which any information was provided to Heritage Canada. Please confirm that RBC is prepared to receive such responses on this basis.
			159	Do you know if Heritage Canada was informed that RBC is the only First Lien Lender that did not execute the support agreement?	
			160	Do you know whether Heritage Canada has been provided with a copy of the support agreement?	
			161	Do you know whether the identity of the holders of the First Lien Debt has been disclosed to Heritage Canada?	

No.	UT/UA	Page No	Ques. No.	Question	Answer
			165	Do you know whether Heritage Canada has been provided with a copy of the stockholders rights and registration agreement?	
4.	U/A	56	174	Mr. Nordal testified that the distributions of equity would be pro rata but that he was unsure about the distributions of debt, although he was not aware of any difference in terms of allocation between consenting and non-consenting [lenders]. To the extent that counsel's information is any different than Mr. Nordal's, to advise.	Counsel has confirmed its understanding that under the proposed Transaction and the Payment and Settlement Agreement, all First Lien Lenders will receive their pro-rata share of Newco shares and debt under the new first lien credit facility based on their holdings of existing first lien debt on the closing of the proposed Transaction. Counsel is not aware of any distinction in the treatment or allocation of the shares and the debt of Newco between non-Consenting First Lien Lenders and Consenting First Lien Lenders.
5.	U/A	59	184	To ask counsel to confirm that this letter [dated September 16, 2014, from the Paul Hastings firm to Mr. Chadwick] was received by counsel acting on behalf of the Company.	This letter was received by Goodmans on September 16, 2014. A response was delivered by Goodmans to Paul Hastings on September 19, 2105 (see attached Exhibit 3 to Vowell examination).
6.	U/A	60-61	186	To ask counsel to confirm that this letter [dated October 1st, 2014, from Paul Hastings to Mr. Chadwick] was received by Goodmans acting on behalf of the Company.	This letter was received by Goodmans on October 1, 2014. A response was delivered by Goodmans to Paul Hastings on October 6, 2014 (see attached Exhibit 4 to Vowell examination).
7.	U/A	63	190	To check and determine if this letter [dated October 13, 2014, from Leslie Sobel, at Royal Bank of Canada to	Mr. Nordal has reviewed his records and confirmed that he received a copy of the October 13, 2014 letter, from Leslie Sobel, at Royal Bank of Canada

No.	UT/UA	Page No	Ques. No.	Question	Answer
				<i>Jeffery Rose at Wilmington Trust, indicated to be copied to Nelson Education and Rob Chadwick]</i> is in Mr. Nordal's file and also to confirm that it was received by counsel to the Company.	to Jeffery Rose at Wilmington Trust. Goodmans also received a copy of this letter on October 13, 2014. Bennett Jones responded to this letter on October 16, 2014 (see attached Exhibit 5 to the Vowell examination).
8.	U/A	64	196	To confirm that this letter <i>[from Paul Hastings, November 18, 2014, to Mr. Chadwick at Goodmans]</i> was received.	This letter was received by Goodmans on November 18, 2014.
9.	U/A	65	199	To confirm that this letter <i>[dated April 13, 2015, to the Goodmans firm from my firm]</i> was received by the Goodmans firm.	This letter was received by Goodmans on April 13, 2015.
10.	U/A	70	209	To produce a copy of the Basis of Presentation Agreement.	Copy attached.
11.	U/A	92	265	To confirm that the <i>[Supplemental Administrative Agent Agreement between Wilmington Trust and Cortland Capital Market Services]</i> is one of the transaction documents.	The Supplemental Administrative Agent Agreement is a document relating to the proposed Transaction.
<p><i>Having reviewed the transcript and checked with the Company's advisors about certain factual matters, Mr. Nordal provides the following supplemental responses. The answer on the record is indicated first (in italics), followed by the supplemental response.</i></p>					
12.		24	85	So I take it that you're aware that the First Lien Debt is held by a number of different	<i>I am aware that it is held by a number of entities and that in the past it has traded. It is my understanding it is not</i>

No.	UT/UA	Page No	Ques. No.	Question	Answer
		28	93 94	And did you receive any information that the -- there had been some trading amongst the First Lien Lenders such that the identity of the First Lien Lenders changed in 2014?	<p><i>my earlier answer and say I believe we must have thought there were a number of people in addition to RBC who were open to that extended debt or we would not have proceeded with a futile effort on that solicitation agreement, so.</i></p> <p><i>I am aware that, yes, there was some trading and changes, yes.</i></p>
		28-29	95	And after that trading and changes, did the First Lien Lenders take a different view as to whether the loans should be extended?	<p><i>We never had clarity on what to expect from the full lending group, so I can't say I am aware of change. I was aware that we had -- we were optimistic that a number of Lien 1 holders would support an extend, and we knew there was some that would not. I didn't have any confirmation as to who in what camps or what percentages they represented, but we did have optimism that there were a significant number of members of Lien 1 camp that might support an extension, hence our solicitation in July.</i></p> <p><u>Supplemental Response:</u></p> <p>Counsel has confirmed that the Company's advisors had received and passed along to the Board (to which Mr. Nordal would have been privy) some information received from advisors to the First Lien Steering Committee and advisors to RBC about the levels of support for certain alternatives that</p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
					<p>were being considered prior to the commencement of the July solicitation process.</p>
14.		27	93	<p>And were you aware that if the credits had been extended, the maturity dates had been extended, that the Second Lien Debt would not be extinguished as part of that extension?</p>	<p><i>Within the July solicitation and support agreement, I am aware that Lien 2 would not be extinguished at that time.</i></p> <p><u>Supplemental Response:</u></p> <p>Mr. Nordal wishes to clarify that his answer was that there is nothing contained in the July support agreement about the extinguishment of second lien debt. Mr. Nordal did not mean to suggest that this was not one of the potential results of the proposed resolutions that were being discussed with the Second Lien Lenders at that time.</p>
15.		45-46	152/153	<p>Do you have any documents that relate to that understanding that you have just given me, that it was an exemption because it was the realization on a secured loan?</p>	<p><i>My understanding was that Heritage would provide no documentation to this effect. Which was not a surprise to me, based on prior experience with Heritage.</i></p> <p><i>I may have had -- I have had conversations, certainly, with my counsel, but I can't speak to whether I have any correspondence or anything of that nature, no documents for sure.</i></p> <p><u>Supplemental Response:</u></p> <p>Mr. Nordal would like to clarify that he understood this question to be about documents reflecting Heritage Canada's reason for granting the exemption and would like to clarify that his response</p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
					<p>that he had not seen any correspondence or documents was in reference to having not seen any correspondence or documents from Heritage Canada, which was not surprising to him based on his prior dealings with them and his understanding that they do not provide written confirmations of exemptions. Mr. Nordal did not mean to suggest that he had not seen any correspondence or documents to or from Heritage Canada.</p>
					<p>While he was not involved in the dealings with Heritage Canada in this matter, and cannot recall seeing any specific correspondence, it has been confirmed that he was provided with copies of some of the correspondence with them.</p>
16.		47	156	<p>Have you been provided with anything that the First Liens provided to Heritage Canada?</p>	<p><i>I don't think I have. I can't speak for my legal representation, but I have not, I don't believe.</i></p> <p><u>Supplemental Response:</u></p> <p>See clarification to questions 152/153 above. Although Mr. Nordal does not recall seeing any specific correspondence to Heritage Canada, it has been confirmed that he received copies of some of the correspondence with Heritage Canada at the time.</p>
17.		41	135 - 144	<p>You have seen this [Exhibit 2] before?</p> <p>Was this an accurate record of what was discussed during the call?</p>	<p><i>I have. I haven't read it in a very long time but, yes.</i></p> <p><i>Certainly not in its entirety, no.</i></p> <p><i>I mean, they have named a company in</i></p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
				<p>So there was a mistake in one of the descriptions of one of the law firms?</p> <p>Is it an accurate record of the events recorded?</p> <p>In what way is it not accurate?</p> <p>Was there a cash interest rate?</p> <p>Okay. Anything else that's inaccurate?</p>	<p><i>here, Aikin Gump, I have never heard of them before or since. I Googled them at the time. But apparently they are my advisors; not true.</i></p> <p><i>Among other things, yes. I am sorry, what was the question?</i></p> <p><i>No, it is not.</i></p> <p><i>They talk about a 10 per cent cash interest rate, and this is not accurate.</i></p> <p><i>There was, I believe it was 6.75.</i></p> <p><i>Well that's a big one.</i></p> <p><i>If you are going to ask me for every inaccuracy, give me another minute, then, now that I know where your question is going.</i></p> <p><i>I don't know at that point in time whether the entire steering committee had actually signed on, they had agreed to it -- so that may be technical wording -- but the steering committee had agreed, I just don't know if they had "signed on" to anything at that point.</i></p> <p><i>And another option, the Canadian bankruptcy procedure. I am not a lawyer, I am not an expert on bankruptcy, but we always talk about CCAA versus something under the Bankruptcy and Insolvency Act, which I</i></p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
					<p><i>understand is a distinction. So, I don't recall us ever seriously contemplating that so I would call that inaccurate.</i></p> <p><i>I talked about the interest rate.</i></p> <p><i>The speculation that McGraw-Hill was interested.</i></p> <p><i>Generally, no other specific inaccuracies are jumping out at me.</i></p>
					<p><u>Supplemental Response:</u></p> <p>When Mr. Nordal was reviewing Exhibit 2 put before him, he indicated that he hadn't read it in a very long time and that the report was not accurate in its entirety. After the examination Mr. Nordal took some time to review this Exhibit more carefully and now clarifies and supplements his responses as follows:</p> <p>One of the inaccuracies noted was that the report stated that under the proposed transaction the new first lien term loan would have a 10% cash interest rate. Mr. Nordal stated that this was incorrect and that such term loan had a 6.75% cash interest rate. Mr. Nordal, in reviewing the report, misread that section as referencing the Company's existing first lien term facility, which has a 6.75% interest rate. It is correct that the new first lien term loan under the proposed transaction would have a 10% cash interest rate.</p> <p>In addition to the other inaccuracies</p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
					<p>noted, Mr. Nordal notes that the report in Exhibit 2 states that under the terms of the proposed support agreement, lenders who signed on would receive some portion of unpaid July to September interest. That is incorrect. In fact, such interest payment was not addressed under the terms of the proposed support agreement. Rather, all First Lien Lenders received the quarterly interest payment due on September 30, 2014 for the July-September 2014 period pursuant to the First Lien Credit Agreement. The report did accurately reflect that only lenders who signed on to the support agreement would receive an early consent fee and a monthly consent fee going forward.</p> <p>For clarity, in not addressing the report's references to the purported names and aggregate holdings of the steering committee, Mr. Nordal did not and does not confirm the accuracy or inaccuracy of any such information.</p>
18.		33 - 35	109 - 111	<p>And when did the company receive a first draft of the term sheet for that [September 10] consent and support agreement?</p>	<p><i>Well, I recall negotiating it -- or being part of the negotiating September 4th. And that specific term sheet, I guess I would have seen following that September 4th meeting, and culminating in what was actually issued on September 10th.</i></p> <p><i>There may have been, both in the July term sheet and others, related terms or related items in those. But if you are asking when did I see a term sheet... it would have been after that September</i></p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
					<p><i>4th meeting.</i></p> <p><u>Supplemental Response:</u></p> <p>As referenced in Mr. Nordal's testimony, Mr. Nordal attended a meeting on September 4, 2014 at which a significant number of key outstanding issues were discussed, negotiated and resolved among the Company, the First Lien Steering Committee and their respective advisors. It was following that meeting that Mr. Nordal recalls receiving the term sheet addressing the proposed resolution of those remaining issues ultimately reflected in the September 10, 2014 term sheet.</p> <p>As referenced in Mr. Nordal's testimony, there were many term sheets, and iterations thereof, relating to potential alternatives and structures that were discussed and exchanged in the preceding months. There were many changes, additions and deletions and many new and different terms proposed and introduced during the course of such negotiations and discussions.</p>

No.	UT/UA	Page No	Ques. No.	Question	Answer
19.		85	242-243	Counsel, on page 2 there is a redaction? And the basis?	<p>Yes.</p> <p><i>It's both settlement privilege and solicitor-client privilege.</i></p> <p><u>Supplemental Response:</u></p> <p>There are in fact two redactions on page 2 of the April 7, 2014 board minutes. The first was redacted on the basis of settlement privilege. The second was redacted on the basis of solicitor-client privilege.</p>

Goodmans^{LLP}

Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.4285
rchadwick@goodmans.ca

September 19, 2014

Via Email

Andrew V. Tenzer
Paul Hastings LLP
75 East 55th Street
New York, NY 10022

3
EXHIBIT NO. _____
EXAM OF LCS Vowell
DATE AUG 5, 2015
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

Re: Nelson Education Ltd. ("Nelson" or the "Company")

Dear Sirs,

We acknowledge receipt of your letter dated September 16, 2014, and our response is set out below. Any capitalized terms set forth but not defined herein have the meanings ascribed to such terms in your letter dated September 16, 2014.

Certain of the questions in your letter suggest that your client may not have received the full set of materials relating to the Company's proposed transaction announced on September 10, 2014 (the "**Transaction**"). Accordingly, enclosed with this letter please find a copy of the Company's term sheet dated September 10, 2014, a copy of the first lien support agreement dated September 10, 2014 (the "**Support Agreement**"), and a copy of the Company's presentation relating to the Transaction dated September 10, 2014. These materials are being provided to you and your client on a confidential basis.

As you are aware, the maturity date under the First Lien Credit Agreement was July 3, 2014, and the Company did not have the ability to repay the outstanding obligations under the First Lien Credit Agreement at maturity. The Company has been engaged in discussions with its lenders since June 2013 to address its obligations under its credit facilities and advanced many different transaction structures and options, including, among others, the Company's proposed transaction announced on July 7, 2014 (the "**July 7 Transaction**"). None of the Company's proposed transaction structures, including the July 7 Transaction, received the support of the Company's lenders, and the Company continued to engage in ongoing discussions and negotiations with its lenders, including your client, with the goal of achieving a consensual resolution.

Prior to announcing the Transaction on September 10, 2014, the Company had reviewed and considered numerous various options and alternatives and considered the interests of the Company and its stakeholders. The Company believes that the Transaction announced on September 10, 2014 is in the best interests of the Company as the Transaction, among other things, protects value, provides stability for the Nelson business, including its employees, customers, lenders and other key stakeholders, preserves the priority waterfall among the Company's lenders, and includes a comprehensive and open sale process to identify potential sale transactions.



The Company believes that the early consent consideration to be provided to those First Lien Lenders under the Company's First Lien Credit Agreement who consent to the Transaction and execute the Support Agreement on or prior to the September 25, 2014 early consent date is within market norms for a transaction of this nature and does not violate the Intercreditor Agreement. The Support Agreement provides that only those First Lien Lenders who execute the Support Agreement, or a Joinder Agreement in the form attached to the Support Agreement, prior to 5:00 p.m. on September 25, 2014 will be entitled to receive the early consent consideration. Any First Lien Lenders who do not execute the Support Agreement, or a Joinder Agreement in the form attached to the Support Agreement, prior to 5:00 p.m. on September 25, 2014 will not be entitled to receive the early consent consideration.

The Sale Process in connection with the Transaction has been structured to explore all possible sale and investment alternatives that may be available to the Company in a fair and open process. The Company believes that the Sale Process is fair and appropriate in the circumstances. The Company's intention is to seek the Second Lien Lenders' support for any potential transaction resulting from the Sale Process based on the results and facts at the appropriate time.

The Company has worked with RBC and its advisors cooperatively to advance a consensual solution that could be accepted by the parties. The Second Lien Agent has a significant amount of information relating to the Company as well as its refinancing efforts. The Company has also paid the Second Lien Agent's advisors' fees and expenses in a significant amount since March 2013.

The Company has until mid-November 2014 to determine a process for implementing the Transaction, and the Company intends to continue to work cooperatively with the Second Lien Agent and seek its views with respect to any such process. If the Company does not obtain the support of the Second Lien Agent for such a process, the Company may require a court process to implement the Transaction.

We disagree with the characterization of the September 2, 2014 meeting among the Company's representatives and advisors and the Second Lien Agents' representatives and advisors in your letter of September 16, 2014 and believe certain statements in your letter are factually incorrect.

At the September 2, 2014 meeting, the Company's CEO, financial advisors and counsel were all in attendance, and at a pre-arranged time at the meeting, they conducted discussions with one of the board members of the Company, as communicated to you at the meeting. Following the September 2, 2014 meeting, we followed up with you on September 3, 2014 asking whether you had any views or feedback following the discussions at the September 2, 2014 meeting. You responded that you did not.

On Saturday, September 6, 2014, we provided you with a proposed transaction outline addressing the Second Lien Lenders' claims. We received feedback from you over the following two days and provided a copy of the proposed transaction outline, incorporating your feedback, to the First Lien Lenders' advisors on September 8, 2014. We followed up with the First Lien Lenders' advisors and provided you with a revised proposed transaction outline on September 18, 2014.

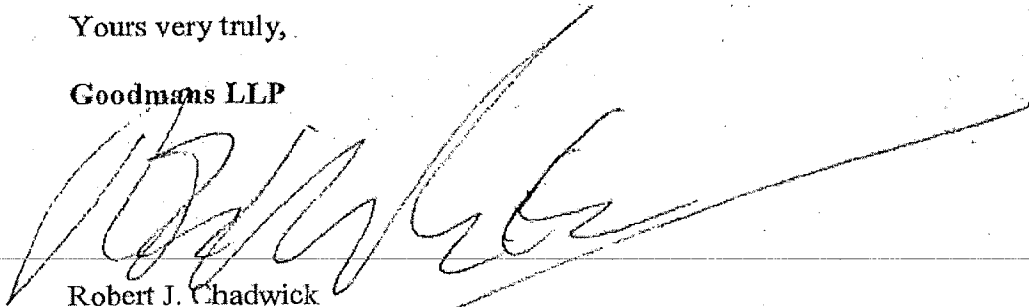
The Company intends to continue to work constructively with the Second Lien Agent to find a consensual solution in order to protect and maximize value. We continue to be available to discuss

Goodmans^{LLP}

matters with you and your client and to advance outstanding matters to a resolution in order to provide the Company stability and certainty as well as protect the interests of the Company's stakeholders.

Yours very truly,

Goodmans LLP

A large, stylized handwritten signature in black ink, appearing to read 'Robert J. Chadwick', is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert J. Chadwick

cc: D.J. Miller, Thornton Grout Finnigan LLP
Jonathan Miller, CDG Group
Les Vowell, RBC
Dean Mullet, Alvarez & Marsal
Caroline Descours, Goodmans LLP

Goodmans^{LLP}

Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.4285
rchadwick@goodmans.ca

October 6, 2014

Via Email

Andrew V. Tenzer
Paul Hastings LLP
75 East 55th Street
New York, NY 10022

EXHIBIT NO. 4
EXAM OF Les Vowell
DATE Aug 5, 2013
REPORTER Lisa Lambert
ASAP REPORTING SERVICES INC.

Re: Nelson Education Ltd. ("Nelson" or the "Company")

Dear Sirs,

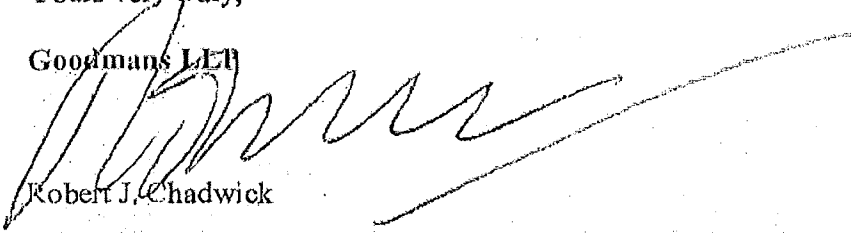
In response to your letter dated October 1, 2014, we are available to arrange a call to discuss matters in connection with the Company's sale and investment solicitation process and provide information, subject to appropriate confidentiality arrangements.

We disagree with your statement in your letter that the Consent Fee is not permissible under the Intercreditor Agreement. The Consent Fee is not an increase in interest under the First Lien Credit Agreement. Rather, it is a fee payable to First Lien Lenders who have executed a support agreement with the Company prior to the early consent deadline. We are available to discuss with you in more detail in order for you to arrive at the same conclusion as other parties.

We continue to remain available to discuss and address outstanding matters with you and your client to achieve a resolution to protect the interests of the Company and its stakeholders.

Yours very truly,

Goodmans LLP


Robert J. Chadwick

cc: D.J. Miller, Thornton Grout Finnigan LLP
Jonathan Miller, CDG Group
Les Vowell, RBC
Dean Mullet, Alvarez & Marsal
Caroline Descours, Goodmans LLP

6378080



Bennett Jones LLP
3400 One First Canadian Place, PO Box 130
Toronto, Ontario, Canada M5X 1A4
Tel: 416.863.1200 Fax: 416.863.1716

Kevin J. Zych
Direct Line: 416.777.5738
e-mail: zychk@bennettjones.com

October 16, 2014

Via e-mail (Leslie.Sobel@rbccm.com)

Ms. Leslie J. Sobel
Senior Counsel
Royal Bank of Canada
RBC Law Group
3 World Financial Center
200 Vesey Street
New York, NY 10281
U.S.A.

EXHIBIT NO. 5
EXAM OF Les Vowell
DATE Aug 5, 2015
REPORTER Lisa Lamberti
ASAP REPORTING SERVICES INC.

Dear Ms. Sobel:

Re: Nelson Education Ltd.

We are counsel to the Agent under the First Lien Credit Agreement (as those terms are defined below).

Reference is made to that certain First Lien Credit Agreement, dated as of July 5, 2007, among Nelson Education Ltd., as Borrower, Nelson Education Holdings Ltd., as Holdings, Wilmington Trust, N.A., as successor Administrative Agent and Collateral Agent ("Agent"), and the other Lenders party thereto (as amended, restated or modified from time to time, the "First Lien Credit Agreement"). Capitalized terms used but not defined herein have the meanings given them in the First Lien Credit Agreement.

This letter is in response to your letter to Jeffrey Rose, dated October 13, 2014, regarding the Borrower's payment of a consent fee under that certain Support Agreement, dated as of September 10, 2014, among the Borrower, Holdings, the Agent, and each of the Lenders signatory thereto (the "Support Agreement").

The Agent disagrees with your conclusion that the Borrower's payment of the First Lien Early Consent Consideration (as defined in the Support Agreement) under the Support Agreement constitutes a payment that must be shared with Royal Bank of Canada ("RBC") in its capacity as a Lender under the First Lien Credit Agreement. The Borrower's payment of the First Lien Early Consent Consideration was not a payment on account of the Loans held by Lenders. Rather, it was a

October 16, 2014

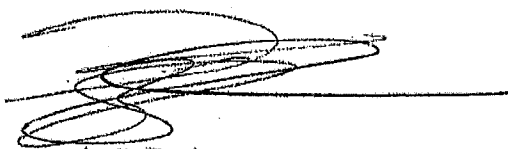
Page Two

payment solely in consideration for the applicable Lenders' agreement to and execution of the Support Agreement, as provided in the Support Agreement, which RBC elected not to execute. Accordingly, the provisions of Section 2.14 of the First Lien Credit Agreement are not implicated.

Nothing contained herein is intended to be, or shall be, construed as a waiver or forbearance of any of the rights, remedies and/or powers of the Agent or Lenders against the Borrower, the Collateral, other Lenders or otherwise, a waiver of any Defaults or Events of Default, or a consent to any departure by the Borrower, the Agent or the Lenders from the express provisions of the First Lien Credit Agreement or any other Loan Documents. The Agent hereby expressly reserves all of its remedies, powers, rights and privileges under the First Lien Credit Agreement and the other Loan Documents, at law, in equity or otherwise.

Very truly yours,

BENNETT JONES LLP



Kevin J. Zych

c: Nelson Education Ltd.
c/o Robert Chadwick, Esq. (Goodmans LLP)

Wilmington Trust, N.A.
Attention: Jeffrey Rose, Esq.

Willkie Farr & Gallagher LLP.
Attention: Paul Shalhoub, Esq

Basis of Presentation Agreement

June 29, 2015

Mr. John Bell,
Chair of the Audit Committee

and

Mr. Michael Andrews
Chief Financial Officer

and

682534 N.B. Inc.

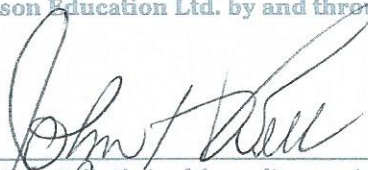
Nelson Education Ltd. (Nelson) on or prior to June 30, 2015, or at such a later date as may be agreed to with 682534 N.B. Inc. (the Purchaser, pursuant to the proposed Asset Purchase Agreement), agrees to provide the Purchaser with the audited consolidated balance sheet and the related consolidated statements of operations, shareholders' deficiency and cash flows, of Nelson as at and for the fiscal year ended March 31, 2015, together with the notes thereto, (the "special purpose financial statements"). These special purpose financial statements shall be prepared as required by the proposed Asset Purchase Agreement between Nelson and the Purchaser, and shall be prepared in accordance with the basis of preparation as outlined below and Nelson's accounting policies and practices as described in the financial statements of Nelson for the year ended March 31, 2015 which have been consistently applied throughout the periods included therein.

Basis of presentation for the special purpose financial statements

These special purpose financial statements are not prepared in accordance with Accounting Standards for Private Enterprises (ASPE). They have been prepared on a going concern basis despite the fact that following completion of the transaction pursuant to the Asset Purchase Agreement, management will not have any realistic alternative but to liquidate Nelson or cease trading. As a result the recognition, measurement, presentation and disclosure criteria of ASPE as applicable to a going concern have been used to prepare the special purpose financial statements except that goodwill and intangible assets have not been tested for impairment or recoverability. Accordingly, the use of these special purpose financial statements shall be restricted to the parties to this agreement and these financial statements will not be made available to any other party.

Nelson Education Ltd. by and through its audit committee

By:

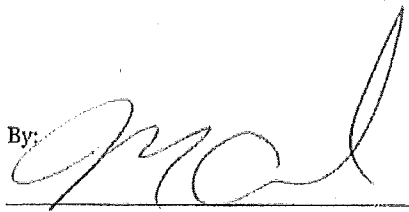


Mr. John Bell, Chair of the audit committee

Date

June 30, 2015

By:



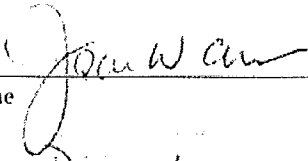
Mr. Michael Andrews, Chief Financial Officer

Date

June 29, 2015

On behalf of 682534 N.B. Inc. (the Purchaser) by:

Name



Position

Director

Date

TAB III

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

WRITTEN QUESTIONS ON AFFIDAVIT OF GREG NORDAL
SWORN MAY 11, 2015

In order to accommodate Greg Nordal's schedule, Royal Bank of Canada ("RBC") has agreed to provide written questions in respect of his affidavit sworn on May 11, 2015 (the "**Nordal Affidavit**") as it relates solely to the issues being addressed at the Comeback Hearing and the parties have agreed that the written questions will be answered by close of business on May 25, 2015 such that the answers can be considered prior to the Comeback Hearing. RBC reserves its rights with respect to cross examining Mr. Nordal on all other aspects of his affidavit (including as it relates to the proposed Transaction and any sale motion brought by the Applicants) at a later date.

Defined Terms

1. Capitalized terms not defined herein shall have the meanings ascribed to them in the Nodal Affidavit.

Questions

2. In paragraph 3 of your affidavit you indicate that the principal objectives for commencing CCAA proceedings are (i) to ensure the ongoing operations of the Applicants; and (ii) to complete the sale and transfer of Nelson Education's business to a newly incorporated entity to be owned indirectly by the First Lien Lenders pursuant to the Transaction. In respect of objective (i):
 - (a) Has Nelson Education been placed on COD terms with any of its critical suppliers? If so, please provide the details.
 - (b) Has Nelson Education been unable to pay its trade suppliers and other unsecured creditors in the ordinary course over the past 6 months?
 - (c) Has Nelson Education lost any critical contracts over the past 6 months as a result of its inability to pay or perform?
3. What professional qualifications or designations do you have as it relates to the valuation or appraisal of a business?
4. What was Nelson Education's EBITDA (on the same basis as stated in your Affidavit, i.e. prior to netting pre-publication expenditures), for the fiscal years ending March 31, 2011, March 31, 2012 and March 31, 2013?
5. When was the decision made by the Applicants to stop paying interest to the Second Lien Lenders?
6. Was A&M involved or present when the decision was made by management and/or the board of the Applicants to stop paying interest to the Second Lien Lenders?

7. When was the decision made by the Applicants to stop paying professional fees of the Second Lien Lenders?
8. Was A&M involved or present when the decision was made by management and/or the board of the Applicants to stop paying professional fees to the Second Lien Lenders?
9. Was A&M involved on behalf of the Applicants in the negotiations with the First Lien Lenders on the terms of the First Lien Term Sheet and the Support Agreement?
10. Was A&M present during discussions with either management and/or the board of the Applicants when the decision was made by the Applicants to accept the First Lien Term Sheet and the Support Agreement?
11. Did management and/or the board consider the impact of the Support Agreement on the Second Lien Lenders or on the Non-Consenting First Lien Lenders?
12. What is the aggregate amount of the Consent Fee that has been paid to the Consenting First Lien Lenders to date?
13. In paragraph 94 of your Affidavit you state that the Consenting First Lien Lenders comprise 21 of 22 of the First Lien Lenders holding approximately 88% of the First Lien Debt. Please provide a list of the Consenting First Lien Lenders and their holdings that comprise 88% of the First Lien Debt.
14. Why do you think that Nelson Education is “well positioned to take advantage of future increasing opportunities in the digital education market space”?

15. Have you been involved in any discussions with the First Lien Lenders, A&M or the board wherein undertaking an initial public offering was discussed? If so, please provide details of these discussions and any written correspondence, materials (summaries, presentations etc.) that you have received.

May 22, 2015

THORNTON GROUT FINNIGAN LLP

Barristers & Solicitors

Suite 3200, TD West Tower

100 Wellington Street West

P.O. Box 329, Toronto-Dominion Centre

Toronto, ON M5K 1K7

D.J. Miller

Tel: (416) 304-0559

Fax: (416) 304-1313

Email: djmiller@tgf.ca

Kyla E. M. Mahar

Tel: (416) 304-0594

Fax: (416) 304-1313

Email: kmahar@tgf.ca

Lawyers for Royal Bank of Canada

TO: **GOODMANS LLP**
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto ON, M5H 2S7

Robert J. Chadwick
Tel: (416) 597-4285
Fax: (416) 979-1234
Email: rchadwick@goodmans.ca

Caroline Descours
Tel: (416) 597-6275
Fax: (416) 979-1234
Email: cdescours@goodmans.ca

Sydney Young
Tel: (416) 849.6965
Fax: (416) 979-1234
Email: syoung@goodmans.ca

Lawyers for the Applicants

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. (collectively, the "APPLICANTS")

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

WRITTEN QUESTIONS ON AFFIDAVIT OF GREG NORDAL
SWORN MAY 11, 2015

Thornton Grout Finnigan LLP

Barristers & Solicitors
Suite 3200, TD West Tower
100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

D.J. Miller (LSUC# 34393P)

djmiller@tgf.ca

Tel: (416) 304-0559

Kyla E. M. Mahar (LSUC# 44182G)

kmahar@tgf.ca

Tel: (416) 304-0594

Fax: (416) 304-1313

Lawyers for Royal Bank of Canada

TAB IV

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

RESPONSES TO WRITTEN QUESTIONS ON AFFIDAVIT
OF GREG NORDAL SWORN MAY 11, 2015

Set out below are responses to Royal Bank of Canada's Written Questions on Affidavit of Greg Nordal sworn May 11, 2015 (the "Nordal Affidavit") in connection with the Comeback Hearing (the "RBC Written Questions"). Any capitalized terms that are used herein but not defined herein shall have the meaning ascribed to them in the Nordal Affidavit.

Response to Question 2(a)¹

1. One vendor (a printer representing approximately 21% of the Company's total print requirements) placed the Company on COD terms prior to the commencement of the Company's CCAA proceedings.
2. Another vendor (a vehicle fleet management company) required, prior to the commencement of the Company's CCAA proceedings, an increased deposit on account and commenced

¹ It is noted that the first question in the RBC Written Questions is numbered as question "2". There is no question "1" in the RBC Written Questions.

withdrawing funds directly from the Company's bank account on the same day that the Company gets invoiced in connection with the services provided by such vendor.

Response to Question 2(b)

3. No.

Response to Question 2(c)

4. Two management-level employees terminated their employment with the Company citing among their reasons for leaving the uncertainty facing the Company in its circumstances.

Response to Question 3

5. I have 15 years of experience in a role of Chief Executive Officer and/or President of a number of different businesses. I have a Bachelor of Commerce (Honours). I do not have a specific professional designation with respect to the valuation or appraisal of a business.

Response to Question 4

6. Nelson Education's EBITDA (on the same basis as stated in my Affidavit, i.e. net of pre-publication expenditures) for the fiscal year ended June 30, 2011 was approximately \$47.4 million, for the fiscal year ended June 30, 2012 was approximately \$37.3 million, and for the fiscal year ended June 30, 2013 was approximately \$40.9 million. For clarity, the foregoing figures exclude EBITDA in respect of Modulo, consistent with the EBITDA figures referenced in my Affidavit given, as noted at paragraph 22 of my Affidavit, Modulo was sold on January 31, 2013.

7. I note that, as stated at paragraph 50 of my Affidavit, as of March 31, 2014, the Company changed its fiscal year end to March 31. Prior to then, the Company's fiscal year ended on June 30.

Response to Question 5

8. The Company's decision in respect of the interest under the Second Lien Credit Agreement was not made at one single point in time. It was a detailed and involved process, and involved numerous discussions, circumstances and negotiations, as set out below.
9. At the March 20, 2014 meeting of the Board of Directors of the Company, the directors considered various options with respect to the second lien interest payment due on March 31, 2014 (the "**March Interest Payment**"), including payment of the interest, non-payment of the interest, and seeking an extension of the cure period under the Second Lien Credit Agreement. The Board directed the Company's advisors to discuss the options available to the Company with RBC as Second Lien Agent and to provide a report to the Board on those discussions.
10. Goodmans LLP ("**Goodmans**") and Alvarez & Marsal Canada Securities Inc. ("**A&M Securities**") engaged in discussions with RBC and its advisors in connection with the March Interest Payment and potential options related to the March Interest Payment, including an extension of the cure period under the Second Lien Credit Agreement.
11. At the March 27, 2014 meeting of the Board of Directors of the Company, the Company's advisors reported to the Board with respect to their discussions with RBC and its advisors with a view to extending the cure period under the Second Lien Credit Agreement to allow

for additional time to advance discussions with the First Lien Steering Committee in connection with the First Lien Credit Agreement and discussions with RBC in connection with the Second Lien Credit Agreement.

12. The advisors and the Board discussed the potential implications of the options with respect to the March Interest Payment and the Board agreed that the Company would not pay the March Interest Payment on March 31, 2014 and would continue discussions with the Second Lien Agent during the existing cure period under the Second Lien Credit Agreement (being seven business days, or such additional cure period as extended by the Required Lenders (as defined in the Second Lien Credit Agreement) under the Second Lien Credit Agreement).
13. Goodmans was directed by the Board to draft a letter on behalf of the Company addressed to RBC as Second Lien Agent, to be signed by the appropriate Company signatory, to be sent to RBC as formal direction that RBC is not to take from the Company's bank account the March Interest Payment until further written direction from the Company.
14. On March 27, 2014, Nelson Education sent a letter to RBC directing the Second Lien Agent not to withdraw or fund from the Borrower's bank account(s) the interest payment due under the Second Lien Credit Agreement on March 31, 2014 until further written direction from the Company. A copy of the letter is attached hereto as Schedule "A".
15. At the April 7, 2014 meeting of the Board of Directors of the Company, Goodmans and A&M Securities updated the Board on the further discussions with RBC with respect to the March Interest Payment and advised that it was expected that a 30-day extension of the cure period under the Second Lien Credit Agreement would be agreed to and that such extension would likely require a partial interest payment of approximately 10% of the approximately

US\$2.6 million March Interest Payment. The Board gave me the discretion for the Company to pay a portion of the March Interest Payment in connection with a 30-day extension of the cure period under the Second Lien Credit Agreement.

16. On April 9, 2014, Nelson Education, Holdings, the Second Lien Agent and the Second Lien Lenders entered into a Grace Period Extension Agreement (the “**Grace Period Extension Agreement**”, a copy of which is attached hereto (without lender signature pages) as Schedule “B”) pursuant to which, among other things, the Second Lien Agent and the Second Lien Lenders agreed to extend the cure period under the Second Lien Credit Agreement to 5:00 p.m. (New York City Time) on the earlier to occur of (i) May 9, 2014, and (ii) the date of the occurrence of any Termination Date (as defined in the Grace Period Extension Agreement). Pursuant to the Grace Period Extension Agreement, the parties agreed that Nelson Education would pay a partial payment of the March Interest Payment in the amount of US\$350,000, which amount was applied to reduce the outstanding amount of the March Interest Payment. The remaining portion of the March Interest Payment is referred to herein as the “**Remaining March Interest Payment**”.

17. Nelson Education, Holdings, the Second Lien Agent and the Second Lien Lenders entered into a Second Grace Period Extension Agreement dated as of April 30, 2014 (the “**Second Grace Period Extension Agreement**”, a copy of which is attached hereto (without lender signature pages) as Schedule “C”) pursuant to which, among other things, the Second Lien Agent and the Second Lien Lenders agreed to further extend the cure period under the Second Lien Credit Agreement to 5:00 p.m. (New York City Time) on the earlier to occur of (i) May 30, 2014, and (ii) the date of the occurrence of any Termination Date (as defined in the Second Grace Period Extension Agreement).

18. The cure period in respect of the March Interest Payment under the Second Lien Credit Agreement was not extended beyond May 30, 2014 and the Remaining March Interest Payment was not paid.
19. During, and following the expiry of, the extended cure period under the Second Grace Period Extension Agreement, the Company and its advisors worked with the Second Lien Agent and its advisors to advance restructuring term sheets to address the Company's obligations under the First Lien Credit Agreement and the Second Lien Credit Agreement, and provided various draft restructuring term sheets for consideration by RBC.
20. At the June 27, 2014 meeting of the Board of Directors of the Company, the Board resolved that, in light of the continuing discussions with its lenders and the upcoming maturity of the First Lien Credit Agreement on July 3, 2014, the Company would be authorized to not make the interest payment due on June 30, 2014 under the Second Lien Credit Agreement and to deliver notice of such non-payment to RBC as Second Lien Agent.
21. As discussed in my Affidavit starting at paragraph 89, on July 7, 2014, Nelson Education commenced a consent solicitation process to solicit the consent of the First Lien Lenders to the amendment and extension of the First Lien Credit Agreement. On July 17, 2014, RBC executed the Company's Consent and Support Agreement dated as of July 7, 2014 (the "**July Support Agreement**") agreeing to the Term Sheet attached thereto as Schedule "A" which included, among other things, a condition that the indebtedness under the Second Lien Credit Agreement be resolved in a manner involving no cash payment of interest to lenders under the Second Lien Credit Agreement. A copy of the July Support Agreement (without signature pages) is attached hereto as Schedule "D").

22. On September 10, 2014, Nelson Education and Holdings entered into the First Lien Support Agreement which provides that neither Nelson Education nor Holdings shall, unless consented to by the Majority Initial Consenting First Lien Lenders (as defined in the First Lien Support Agreement), make any payment in connection with the Second Lien Credit Agreement, including any interest or other payment that is due or that may become due pursuant to the Second Lien Credit Agreement.

Response to Question 6

23. A&M Securities was present at the meetings of the Board of Directors discussed above on March 20, 2014, March 27, 2014, April 7, 2014 and June 27, 2014. A&M Securities was involved in certain discussions with RBC and its financial advisors in connection with the extension of the cure period. Goodmans was also involved in various discussions relating to such matters.

Response to Question 7

24. The Company made payments in respect of professional fees of the Second Lien Agent pursuant to the Grace Period Extension Agreement and the Second Grace Period Extension Agreement.

25. The Company's last payments in respect of professional fees of the Second Lien Agent were made in respect of the following invoices:

- a. Invoice of CDG Group, financial advisor to the Second Lien Agent ("CDG"), dated July 1, 2014;

- b. Invoice of Thornton Grout Finnigan LLP, Canadian counsel to the Second Lien Agent (“TGF”), dated July 11, 2014; and
 - c. Invoice of Paul Hastings LLP, U.S. counsel to the Second Lien Agent (“Paul Hastings”), dated May 31, 2014.
26. The next invoices for CDG, TGF and Paul Hastings received by the Company were dated July 30, 2014, September 3, 2014 and October 10, 2014, respectively. The Company has not paid these or subsequent invoices of CDG, TGF or Paul Hastings.
-
27. At the August 5, 2014 meeting of the Board of Directors, the Board discussed, among other things, the advisory fees of the Second Lien Agent and agreed that without further progress, a reduction in the monthly fees paid to CDG would likely be imposed and delegated authority to management to discuss a reduction of the CDG advisory fees. The decision to defer or stop payment of CDG’s monthly fees was made by the Company in August 2014.
28. On September 10, 2014, Nelson Education and Holdings entered into the First Lien Support Agreement which provides that neither Nelson Education nor Holdings shall, unless consented to by the Majority Initial Consenting First Lien Lenders (as defined in the First Lien Support Agreement), make any payment in connection with the Second Lien Credit Agreement, including any payment for fees, costs or expenses to any legal, financial or other advisor to the Second Lien Agent.

Response to Question 8

29. A&M Securities was involved in discussions with CDG in connection with its financial advisory fees throughout January and February 2014, including a discussion to change

CDG's fee structure to be based on an hourly rate charged for work completed rather than the existing set monthly fee, which was declined by CDG.

30. A&M Securities was not involved or present when the decision to cease payment of CDG's fees was made. I understand that once A&M Securities had become aware that the Company was considering ceasing payment of CDG's fees, as a professional courtesy, A&M Securities advised CDG on August 3, 2014 by way of e-mail that discussions were ongoing about ending the CDG engagement, including non-payment of the most recent invoice. At this time, the Company had not yet made a formal decision with respect to the payment of CDG's fees and was considering the matter.

31. A&M Securities was present at the August 5, 2014 meeting of the Board of Directors discussed above, but had left the meeting prior to the discussion of the advisory fees of the Second Lien Agent.

Response to Question 9

32. Negotiations with the First Lien Steering Committee and its advisors on the terms of the First Lien Term Sheet and the First Lien Support Agreement were led by the Company and Goodmans. The final business and legal terms of the First Lien Term Sheet and the the First Lien Support Agreement were largely settled at an in-person meeting held on September 4, 2014 in New York attended by me and Robert Chadwick on behalf of the Company and certain representatives of the First Lien Steering Committee and their legal advisors and financial advisor. A&M Securities was not present at the September 4, 2014 meeting in New York and did not participate in the negotiations at this meeting. A&M Securities may have had certain discussions with the financial advisor or the First Lien Lenders in respect of the

draft First Lien Term Sheet and the draft First Lien Support Agreement prior to their completion from time to time.

Response to Question 10

33. A meeting of the Board of Directors was held on September 4, 2014 (the same day of the meeting discussed above in paragraph 32) at which, among other things, (i) outstanding items with respect to the First Lien Term Sheet and the First Lien Support Agreement, and (ii) the selection of a financial advisor to lead the sale and investment solicitation process pursuant to the First Lien Term Sheet and the First Lien Support Agreement were discussed. A&M Securities was present at this meeting for the update relating to outstanding items with respect to the First Lien Term Sheet and the First Lien Support Agreement, but left the meeting prior to the discussion in connection with the selection of a financial advisor.
34. The meeting was adjourned following the discussion of the above noted matters and Robert Chadwick and I resumed our negotiations with the representatives of the First Lien Steering Committee and their legal advisors and financial advisor to resolve the remaining outstanding items in connection with the First Lien Term Sheet and the First Lien Support Agreement.
35. The meeting of the Board of Directors was reconvened later that afternoon, without the attendance of A&M Securities. Robert Chadwick and I provided an update to the Board on the further negotiations that had taken place since the earlier meeting of the Board, and the Board authorized me and Robert Chadwick to advance the outstanding issues to reach a resolution on the basis discussed at the reconvened meeting of the Board.

Response to Question 11

36. Yes.

Response to Question 12

37. As of May 25, 2015, the aggregate amount of the Consent Fee that has been paid to the Consenting First Lien Lenders is approximately US\$11,984,058.

Response to Question 13

38. Pursuant to the First Lien Support Agreement (a copy of which (without lender signature pages) is attached as Exhibit "G" to my Affidavit), Nelson Education and Holdings agreed to maintain the confidentiality of the identity and the specific holdings of each of the Consenting First Lien Lenders. I understand from Robert Chadwick of Goodmans that Goodmans has contacted the legal advisors to the First Lien Steering Committee to inquire whether the Consenting First Lien Lenders would permit the disclosure of their identities and holdings in order for the Company to respond to question 13 of the RBC Written Questions. To date, the legal advisors to the Consenting First Lien Lenders have not yet responded to Goodmans' request. Accordingly, I am not in a position to provide the information requested under question 13 of the RBC Written Questions without the consent of the Consenting First Lien Lenders under the First Lien Support Agreement.

39. I understand from Robert Chadwick of Goodmans that Goodmans has contacted the legal advisors to the First Lien Agent to request a list of the Register (as defined in the First Lien Credit Agreement) which records, among other things, the names of and principal amounts owing to the First Lien Lenders. Upon receipt, the Company will provide a copy of the

Register to RBC in its capacity as First Lien Lender as under the First Lien Credit Agreement the Register is to be available for inspection by the Company, the First Lien Agent and any First Lien Lender subject to the terms of the First Lien Credit Agreement.

Response to Question 14

40. The reasons for why I believe that Nelson Education is well positioned to take advantage of future increasing opportunities in the digital educational market space are set out at paragraphs 77 to 83, inclusive, of my Affidavit. I believe that such paragraphs accurately reflect my view with respect to question 14.

Response to Question 15

41. Prior to joining Nelson Education as President and CEO in September 2008, I had certain limited discussions with representatives of Apax and OMERS in connection a potential future initial public offering in respect of the Company. Since my commencement at Nelson Education as President and CEO in September 2008, I have not been involved in any discussions with the First Lien Lenders, A&M or the Board wherein undertaking an initial public offering was discussed.

Dated: May 25, 2015

TAB A

Schedule "A"

(see attached)

March 27, 2014

Via Email

Royal Bank of Canada
200 Bay Street, 12th Floor
Royal Bank Plaza, South Tower
Toronto, Ontario M5J 2W7

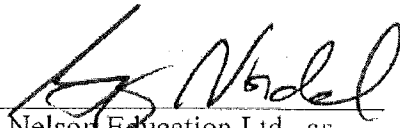
Attention: Ann Hurley
Senior Manager, Agency Services Group
ann.hurley@rbccm.com

Re: Second Lien Credit Agreement dated July 5, 2007 among Nelson Education Ltd. as Borrower, Nelson Education Holdings Ltd., Royal Bank of Canada as Administrative Agent and Collateral Agent, and the other lenders party thereto (the "Second Lien Credit Agreement")

Nelson Education Ltd., as Borrower under the Second Lien Credit Agreement (the "**Borrower**"), hereby directs Royal Bank of Canada, as Administrative Agent and Collateral Agent under the Second Lien Credit Agreement, not to withdraw or fund from the Borrower's bank account(s) the interest payment due under the Second Lien Credit Agreement on March 31, 2014 until further written direction from the Borrower.

Pursuant to Section 8.01(a) of the Second Lien Credit Agreement, the non-payment of interest under the Second Lien Credit Agreement is subject to a cure period of seven (7) Business Days, or such additional cure period as extended by the Required Lenders under the Second Lien Credit Agreement, prior to constituting an Event of Default under the Second Lien Credit Agreement.

Please confirm receipt of this letter by signing below and returning a signed copy to the Borrower.


Nelson Education Ltd., as
Borrower
Name: *Greg Nordal*
Title: *President & CEO*

RECEIVED AND ACKNOWLEDGED:

Royal Bank of Canada, as
Administrative Agent and
Collateral Agent

Name:

Title:

6312632

TAB B

Schedule "B"
(see attached)

GRACE PERIOD EXTENSION AGREEMENT

GRACE PERIOD EXTENSION AGREEMENT, dated as of April 9, 2014 (this "Agreement"), in respect of the Second Lien Credit Agreement referred to below, by and among Nelson Education Ltd., a corporation incorporated under the laws of Canada ("Borrower"), Nelson Education Holdings Ltd., a corporation incorporated under the laws of Canada ("Holdings"), the other Loan Parties party hereto, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the Lenders party hereto. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement (as hereinafter defined).

RECITALS:

Reference is made to the following agreements, facts and circumstances:

A. Borrower, Holdings, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the lenders from time to time party thereto (collectively, the "Lenders") are party to that certain Second Lien Credit Agreement, dated as of July 5, 2007 (as amended, supplemented or otherwise modified from time to time, the "Second Lien Credit Agreement").

B. Borrower and Holdings acknowledge and have informed the Administrative Agent that Borrower has failed to make the interest payment in the amount of \$2,392,740.83 which was due and owing and required to be made under Section 2.09 of the Second Lien Credit Agreement on March 31, 2014 (the "Required Interest Payment").

C. Borrower and Holdings acknowledge and have informed the Administrative Agent that in the event that the Required Interest Payment is not paid within the seven (7) Business Day cure period (the "Cure Period") set out in Section 8.01(a)(ii) of the Second Lien Credit Agreement, an Event of Default will arise under the terms of the Second Lien Credit Agreement (the foregoing, the "Potential Event of Default").

D. Borrower has requested that the Administrative Agent and the Lenders party hereto extend the Cure Period for the Required Interest Payment, on a one-time basis, to the Extended Cure Date (as defined below) (the "Extension").

E. The Administrative Agent and the Lenders party hereto are prepared to consent to the Extension subject to Borrower's full and timely compliance with the limitations, terms, conditions and covenants contained in this Agreement, the Second Lien Credit Agreement and the other Loan Documents.

ACKNOWLEDGMENTS:

(a) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees to the accuracy of all Recitals included in this Agreement.

(b) To the extent that there is a conflict between the terms of this Agreement and the terms of the Second Lien Credit Agreement or the other Loan Documents as it relates to the Required Interest Payment only, the terms of this Agreement shall govern.

(c) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees that as of March 31, 2014:

(i) the outstanding principal amount of Loans (exclusive of interest, costs, fees and other expenses payable by Borrower and the other Loan Parties to the Administrative Agent and the other Secured Parties under the Second Lien Credit Agreement and the other Loan Documents) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Principal Amount of Loans:	\$153,218,764.07
----------------------------	------------------

(ii) the accrued but unpaid interest at the non-default rate in respect of the Loans (referred to above as the Required Interest Payment) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Accrued Interest (at non-default rate) - Loans:	\$2,392,740.83
---	----------------

AGREEMENTS:

NOW THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to the above Recitals and Acknowledgments, and further agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement. In addition, the following terms, for the purposes of this Agreement, shall have the following meanings:

(a) "Agreement Effective Date" has the meaning assigned in Section 4 hereof.

(b) "Cash Forecast" means forecast of cash and working capital on a monthly basis for each of the 12-months of the fiscal year ending March 31, 2015 and to include projected professional fees and expenses.

(c) "Extended Cure Date" means 5:00 p.m. (New York City time) on the earlier to occur of (i) May 9, 2014, and (ii) the date of the occurrence of any Termination Event. For the avoidance of doubt, any cure period set forth in Section 8.01(a) of the Second Lien Credit Agreement shall not apply with respect to the Required Interest Payment and such amount (less the Partial Interest Amount) shall be due and payable in full by no later than the Extended Cure Date.

(d) "Interim Financials" means preliminary financial statements (by segment) for the month ended and quarter ended March 2014 with comparisons against the budget and the corresponding periods for the previous year.

(e) "January/February Report" means internal financial statements by segment for January 2014 and February 2014 with comparisons versus budget and corresponding periods of the previous year.

(f) “Partial Interest Amount” means, an aggregate amount of \$350,000.00, payable pursuant to Section 3(d) of this Agreement on the Agreement Effective Date. For the avoidance of doubt the Partial Interest Amount shall be applied to reduce the outstanding amount of the Required Interest Payment.

(g) “Projections” means preliminary financial forecast for fiscal year ended March 31, 2015 (prepared on a quarterly basis), March 31, 2016 and March 31, 2017 detailed by business segment and which would include all major assumptions in connection with formulating such Projections and detail on revenue and cost initiatives and to include projected professional fees and expenses

(h) “Report” has the meaning assigned in Section 3(a) hereof.

(i) “Transaction Agreement” means the transaction agreement to be negotiated and settled by and among Borrower, Holdings, the other Loan Parties, the Administrative Agent, and the Lenders.

(j) “Termination Event” means the occurrence of any of the following: (i) any representation or warranty made or deemed made by Borrower, Holdings or any other Loan Party in this Agreement shall be false, misleading or erroneous in any material respect when made or deemed to have been made, (ii) Borrower shall fail to perform, observe or comply timely with any covenant, agreement or term contained in this Agreement, including Section 3 hereof, (iii) any Default or Event of Default, other than the Potential Event of Default until the Extended Cure Date, shall occur under the Second Lien Credit Agreement or any of the other Loan Documents, (iv) any event or condition occurring after March 31, 2014 which shall constitute a Material Adverse Effect, (v) an Event of Default under the First Lien Credit Agreement and (vi) failure to make any payment required to be made under this Agreement, including under Section 5 hereof.

2. Extension.

(a) Effective on (and subject to the occurrence of) the Agreement Effective Date and notwithstanding any provision of the Second Lien Credit Agreement to the contrary, in accordance with the terms and subject to the conditions of this Agreement, the Administrative Agent and the Lenders party hereto, for themselves and on behalf of their permitted successors and assigns, hereby agree to the Extension of the Cure Period for the Required Interest Payment, and for no other purpose, to the Extended Cure Date.

(b) On and after 5:00 p.m. (New York City time) on the Extended Cure Date, unless the Required Interest Payment (less the Partial Interest Amount that has been paid on the Agreement Effective Date) has been received by such time and date, then, the Administrative Agent and the Lenders’ agreement hereunder shall terminate automatically without further act or action by the Administrative Agent or the Lenders. Borrower, Holdings and the other Loan Parties expressly acknowledge and agree that the effect of such termination will be to permit the Administrative Agent and the other Secured Parties to exercise any and all rights and remedies available to them under the Loan Documents and this Agreement, at law, in equity, or otherwise without any further lapse of time, expiration of applicable grace periods, or requirements of notice.

3. Covenants.

(a) Holdings and Borrower shall deliver to the Administrative Agent the following information, documents and materials (each, a "Report") not later than the date specified therefor:

- (i) Not later than April 10, 2014, the January/February Report.
- (ii) Not later than April 17, 2014, the Cash Forecast.
- (iii) Not later than April 18, 2014, the Interim Financials.
- (iv) Not later than April 17, 2014, the Projections.

Each of the Reports shall be prepared by the Borrower in reasonable detail and shall fairly present the contents intended to be included therein; *provided* that if the Administrative Agent notifies the Borrower that a Report is not reasonably satisfactory to the Administrative Agent (and provides a reasonable basis therefor), senior management of the Borrower shall in good faith make themselves available to discuss with the Administrative Agent (or its representatives) such concerns in accordance with clause (d) below within three (3) Business Days of delivery of such notice by the Administrative Agent.

(b) The form of the Transaction Agreement shall have been delivered by each of the parties thereto not later than April 30, 2014.

(c) The Lenders and the Administrative Agent agree that each of the dates for delivery of any Report set forth in clause (a) above, may be extended by the Administrative Agent in its sole discretion.

(d) Senior management of Borrower and Holdings shall be available, including by teleconference, at reasonable times and upon reasonable notice to discuss matters relating to Borrower's business, including the documents and materials delivered under clause (a) above.

4. Effectiveness. This Agreement shall become effective as of April 9, 2014 (the "Agreement Effective Date"), so long as all of the following conditions have been satisfied:

(a) The Administrative Agent shall have received this Agreement duly executed and delivered (or counterparts hereof) by the Administrative Agent, the Lenders party hereto and Borrower and each of the other Loan Parties, in each case, (whether the same or different counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to Paul Hastings LLP, 75 East 55th Street, New York, NY 10022, Attention: Sanjay Thapar (sanjaythapar@paulhastings.com; facsimile number 212-230-7701), U.S. counsel to the Administrative Agent.

(b) The representations and warranties of or on behalf of the Loan Parties in this Agreement shall be true and correct on and as of the Agreement Effective Date.

(c) The Administrative Agent shall have received the Partial Interest Amount on or before the Agreement Effective Date.

(d) The Administrative Agent shall have received from Borrower a certificate

executed by a Responsible Officer of Borrower, certifying compliance with the requirements of preceding clause (b) and clause (e) below.

(e) On the Agreement Effective Date and after giving effect to this Agreement, no Default or Event of Default shall have occurred and be continuing.

5. Expenses. On or before 5:00 p.m. (New York City time) on April 11, 2014, the Borrower shall (i) pay to the Administrative Agent all of its costs, fees and expenses in connection with this Agreement (including, without limitation, reasonable legal fees and expenses of Shearman & Sterling LLP, previous U.S. counsel for the Administrative Agent, Paul Hastings LLP, U.S. counsel for the Administrative Agent, Thornton Grout Finnigan LLP, Canadian counsel for the Administrative Agent, and CDG Group, financial advisor to the Administrative Agent and its counsel) and (ii) execute a revised engagement letter between Paul Hastings LLP and CDG Group to reflect the Administrative Agent's change in counsel.

6. Representations and Warranties. To induce the Administrative Agent and Lenders to enter into this Agreement, Borrower, Holdings and other Loan Parties hereby, jointly and severally, represent and warrant that:

(a) The execution, delivery and performance of this Agreement by each Loan Party: (i) are within such Loan Party's organizational power; (ii) have been duly authorized by all necessary or proper organizational action; (iii) do not contravene any provision of any Loan Party's charter or bylaws or other constituent documents; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, (A) any material indenture, mortgage, deed of trust or lease to which such Person is a party or by which such Person or any of its property is bound, or (B) any agreement or other instrument to which such Person is a party or by which such person or any of its property is bound; (vi) do not result in the creation or imposition of any Lien upon any of the property of any Loan Party; and (vii) do not require the consent or approval of any Governmental Authority or any other Person;

(b) This Agreement has been duly executed and delivered by or on behalf of each Loan Party;

(c) Each of this Agreement and the Second Lien Credit Agreement constitutes a legal, valid and binding obligation of each Loan Party enforceable against each Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(d) After giving effect to this Agreement, no Default or Event of Default has occurred and is continuing on the Agreement Effective Date; and

(e) No action, claim or proceeding is now pending or, to the knowledge of any Loan Party, threatened against any Loan Party, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, which challenges any Loan Party's right, power, or competence to enter into this Agreement, or to perform any of its obligations under this Agreement, the Second Lien Credit Agreement or any other Loan

Documents, or the validity or enforceability of this Agreement, the Second Lien Credit Agreement or any other Loan Documents or any action taken under this Agreement, the Second Lien Credit Agreement or any other Loan Document. To the knowledge of any Loan Party, there does not exist a state of facts which is reasonably likely to give rise to such proceedings.

7. Reference to and Effect on the Second Lien Credit Agreement and the Loan Documents.

(a) Except as expressly provided herein (i) the Second Lien Credit Agreement and the other Loan Documents shall be unmodified and shall continue to be in full force and effect in accordance with their terms and are hereby in all respects ratified and confirmed, (ii) the consents and agreements of the Administrative Agent and Lenders set forth herein shall be limited strictly as written and shall not constitute a consent or agreement to any transaction not specifically described in connection with any such consent and/or agreement, and (iii) this Agreement shall not be deemed an amendment or waiver of any term or condition of any Loan Document and shall not be deemed to prejudice any right or rights which the Administrative Agent or any Secured Party may now have or may have in the future under or in connection with any Loan Document or any of the instruments or agreements referred to therein, as the same may be amended from time to time.

(b) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as an amendment or waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or amendment of any provision of any of the Loan Documents.

(c) This Agreement shall constitute a Loan Document.

8. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

9. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with Borrower and the Administrative Agent. Delivery by facsimile or electronic transmission (including .PDF) of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

[Signature Pages Follow]

NELSON EDUCATION LTD. as Borrower

By: 

Name: Michael Andrew
Title: SVP Finance & CFO

NELSON EDUCATION HOLDINGS LTD.

By: 

Name: Stephen Aubert
Title: VP Finance and Controller

ROYAL BANK OF CANADA, as Administrative
Agent and Collateral Agent.

By: 

Name: _____

Title: Ann Hurley
Manager, Agency

TAB C

Schedule "C"

(see attached)

SECOND GRACE PERIOD EXTENSION AGREEMENT

SECOND GRACE PERIOD EXTENSION AGREEMENT, dated as of April 30, 2014 (this "Agreement"), in respect of the Second Lien Credit Agreement referred to below, by and among Nelson Education Ltd., a corporation incorporated under the laws of Canada ("Borrower"), Nelson Education Holdings Ltd., a corporation incorporated under the laws of Canada ("Holdings"), the other Loan Parties party hereto, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the Lenders party hereto. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement (as hereinafter defined).

RECITALS:

Reference is made to the following agreements, facts and circumstances:

A. Borrower, Holdings, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the lenders from time to time party thereto (collectively, the "Lenders") are party to that certain Second Lien Credit Agreement, dated as of July 5, 2007 (as amended, supplemented or otherwise modified from time to time, the "Second Lien Credit Agreement").

B. Borrower and Holdings acknowledge and have informed the Administrative Agent that Borrower has failed to make the interest payment in the amount of \$2,392,740.83 which was due and owing and required to be made under Section 2.09 of the Second Lien Credit Agreement on March 31, 2014 (the "Required Interest Payment").

C. Borrower and Holdings acknowledge and have informed the Administrative Agent that in the event that the Required Interest Payment is not paid within the seven (7) Business Day cure period (the "Cure Period") set out in Section 8.01(a)(i) of the Second Lien Credit Agreement, an Event of Default will arise under the terms of the Second Lien Credit Agreement (the foregoing, the "Potential Event of Default").

D. The Cure Period was extended, on certain terms and conditions, through May 9, 2014 pursuant to the Grace Period Extension Agreement, dated as of April 9, 2014, by and among Borrower, Holdings, the other Loan Parties party thereto, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the Lenders party thereto (the "First Extension Agreement").

E. Borrower has requested that the Administrative Agent and the Lenders party hereto extend further the Cure Period for the Required Interest Payment, on a one-time basis, to the Second Extended Cure Date (as defined below) (the "Second Extension").

F. The Administrative Agent and the Lenders party hereto are prepared to consent to the Second Extension subject to Borrower's full and timely compliance with the limitations, terms, conditions and covenants contained in this Agreement, the Second Lien Credit Agreement and the other Loan Documents.

ACKNOWLEDGMENTS:

(a) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees to the accuracy of all Recitals included in this Agreement.

(b) To the extent that there is a conflict between the terms of this Agreement and the terms of the Second Lien Credit Agreement or the other Loan Documents as it relates to the Required Interest Payment only, the terms of this Agreement shall govern.

(c) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees that as of April 30, 2014:

(i) the outstanding principal amount of Loans (exclusive of interest, costs, fees and other expenses payable by Borrower and the other Loan Parties to the Administrative Agent and the other Secured Parties under the Second Lien Credit Agreement and the other Loan Documents) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Principal Amount of Loans:	\$153,218,764.07
----------------------------	------------------

(ii) the accrued but unpaid interest at the non-default rate in respect of the Loans (referred to above as the Required Interest Payment) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Accrued Interest (at non-default rate) - Loans:	\$2,838,661.23
---	----------------

AGREEMENTS:

NOW THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to the above Recitals and Acknowledgments, and further agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement. In addition, the following terms, for the purposes of this Agreement, shall have the following meanings:

(a) "Agreement Effective Date" has the meaning assigned in Section 4 hereof.

(b) "Partial Interest Amount" means an aggregate amount of \$350,000, paid pursuant to Section 4(c) of the First Extension Agreement on April 9, 2014, which Partial Interest Amount was applied to reduce the outstanding amount of the Required Interest Payment.

(c) "Projections" means preliminary financial forecast for fiscal year ended March 31, 2015 (prepared on a quarterly basis), March 31, 2016 and March 31, 2017 detailed by business segment and which would include all major assumptions in connection with formulating such Projections and detail on revenue and cost initiatives and to include projected professional fees and expenses.

(d) "Second Extended Cure Date" means 5:00 p.m. (New York City time) on the earlier to occur of (i) May 30, 2014, and (ii) the date of the occurrence of any Termination Event. For the avoidance of doubt, any cure period set forth in Section 8.01(a) of the Second Lien Credit Agreement shall not apply with respect to the Required Interest Payment and such amount (less the Partial Interest Amount) shall be due and payable in full by no later than the Second Extended Cure Date.

(e) "Transaction Agreement" means the transaction agreement to be negotiated and settled by and among Borrower, Holdings, the other Loan Parties, the Administrative Agent, and the Lenders.

(f) "Termination Event" means the occurrence of any of the following: (i) any representation or warranty made or deemed made by Borrower, Holdings or any other Loan Party in this Agreement shall be false, misleading or erroneous in any material respect when made or deemed to have been made, (ii) Borrower shall fail to perform, observe or comply timely with any covenant, agreement or term contained in this Agreement, including Section 3 hereof, (iii) any Default or Event of Default, other than the Potential Event of Default until the Second Extended Cure Date, shall occur under the Second Lien Credit Agreement or any of the other Loan Documents, (iv) any event or condition occurring after March 31, 2014 which shall constitute a Material Adverse Effect, (v) an Event of Default under the First Lien Credit Agreement and (vi) failure to make any payment required to be made under this Agreement, including under Section 5 hereof.

2. Extension.

(a) Effective on (and subject to the occurrence of) the Agreement Effective Date and notwithstanding any provision of the Second Lien Credit Agreement to the contrary, in accordance with the terms and subject to the conditions of this Agreement, the Administrative Agent and the Lenders party hereto, for themselves and on behalf of their permitted successors and assigns, hereby agree to the Second Extension of the Cure Period for the Required Interest Payment, and for no other purpose, to the Second Extended Cure Date.

(b) On and after 5:00 p.m. (New York City time) on the Second Extended Cure Date, unless the Required Interest Payment (less the Partial Interest Amount that has been paid on April 9, 2014) has been received by such time and date, then, the Administrative Agent and the Lenders' agreement hereunder shall terminate automatically without further act or action by the Administrative Agent or the Lenders. Borrower, Holdings and the other Loan Parties expressly acknowledge and agree that the effect of such termination will be to permit the Administrative Agent and the other Secured Parties to exercise any and all rights and remedies available to them under the Loan Documents and this Agreement, at law, in equity, or otherwise without any further lapse of time, expiration of applicable grace periods, or requirements of notice.

3. Covenants.

(a) Holdings and Borrower shall deliver to the Administrative Agent the Projections not later than May 10, 2014. The Projections shall be prepared by the Borrower in reasonable detail and shall fairly present the contents intended to be included therein; *provided* that if the Administrative Agent notifies the Borrower that the Projections are not reasonably satisfactory to the Administrative Agent (and provides a reasonable basis therefor), senior management of the Borrower shall in good faith make themselves available to discuss with the Administrative Agent (or its representatives) such concerns in accordance with clause (d) below within three (3) Business Days of delivery of such notice by the Administrative Agent.

(b) The form of the Transaction Agreement shall have been delivered by each of the parties thereto not later than May 12, 2014.

(c) The Lenders and the Administrative Agent agree that the date for delivery of the Projections set forth in clause (a) above, may be extended by the Administrative Agent in its sole discretion.

(d) Senior management of Borrower and Holdings shall be available, including by teleconference, at reasonable times and upon reasonable notice to discuss matters relating to Borrower's business, including the documents and materials delivered under clause (a) above.

4. Effectiveness. This Agreement shall become effective as of April 30, 2014 (the "Agreement Effective Date"), so long as all of the following conditions have been satisfied:

(a) The Administrative Agent shall have received this Agreement duly executed and delivered (or counterparts hereof) by the Administrative Agent, the Lenders party hereto and Borrower and each of the other Loan Parties, in each case, (whether the same or different counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to Paul Hastings LLP, 75 East 55th Street, New York, NY 10022, Attention: Sanjay Thapar (sanjaythapar@paulhastings.com; facsimile number 212-230-7701), U.S. counsel to the Administrative Agent.

(b) The representations and warranties of or on behalf of the Loan Parties in this Agreement shall be true and correct on and as of the Agreement Effective Date.

(c) The Administrative Agent shall have received from Borrower a certificate executed by a Responsible Officer of Borrower, certifying compliance with the requirements of preceding clause (b) and clause (e) below.

(d) On the Agreement Effective Date and after giving effect to this Agreement, no Default or Event of Default shall have occurred and be continuing.

5. Expenses. On or before 5:00 p.m. (New York City time) on May 6, 2014, the Borrower shall pay to the Administrative Agent all of its costs, fees and expenses in connection with this Agreement (including, without limitation, reasonable legal fees and expenses of Shearman & Sterling LLP, previous U.S. counsel for the Administrative Agent, Paul Hastings LLP, U.S. counsel for the Administrative Agent, Thornton Grout Finnigan LLP, Canadian counsel for the Administrative Agent, and CDG Group, financial advisor to the Administrative Agent and its counsel).

6. Representations and Warranties. To induce the Administrative Agent and Lenders to enter into this Agreement, Borrower, Holdings and other Loan Parties hereby, jointly and severally, represent and warrant that:

(a) The execution, delivery and performance of this Agreement by each Loan Party: (i) are within such Loan Party's organizational power; (ii) have been duly authorized by all necessary or proper organizational action; (iii) do not contravene any provision of any Loan Party's charter or bylaws or other constituent documents; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, (A) any material indenture, mortgage, deed of trust or lease to which such Person is a party or by which such Person or any of its property is bound, or (B) any agreement or other instrument to which such Person is a party or by which such person or any of its property is bound; (vi) do not result in the creation or imposition of any Lien upon

any of the property of any Loan Party; and (vii) do not require the consent or approval of any Governmental Authority or any other Person;

(b) This Agreement has been duly executed and delivered by or on behalf of each Loan Party;

(c) Each of this Agreement and the Second Lien Credit Agreement constitutes a legal, valid and binding obligation of each Loan Party enforceable against each Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(d) After giving effect to this Agreement, no Default or Event of Default has occurred and is continuing on the Agreement Effective Date; and

(e) No action, claim or proceeding is now pending or, to the knowledge of any Loan Party, threatened against any Loan Party, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, which challenges any Loan Party's right, power, or competence to enter into this Agreement, or to perform any of its obligations under this Agreement, the Second Lien Credit Agreement or any other Loan Documents, or the validity or enforceability of this Agreement, the Second Lien Credit Agreement or any other Loan Documents or any action taken under this Agreement, the Second Lien Credit Agreement or any other Loan Document. To the knowledge of any Loan Party, there does not exist a state of facts which is reasonably likely to give rise to such proceedings.

7. Reference to and Effect on the Second Lien Credit Agreement and the Loan Documents.

(a) Except as expressly provided herein (i) the Second Lien Credit Agreement and the other Loan Documents shall be unmodified and shall continue to be in full force and effect in accordance with their terms and are hereby in all respects ratified and confirmed, (ii) the consents and agreements of the Administrative Agent and Lenders set forth herein shall be limited strictly as written and shall not constitute a consent or agreement to any transaction not specifically described in connection with any such consent and/or agreement, and (iii) this Agreement shall not be deemed an amendment or waiver of any term or condition of any Loan Document and shall not be deemed to prejudice any right or rights which the Administrative Agent or any Secured Party may now have or may have in the future under or in connection with any Loan Document or any of the instruments or agreements referred to therein, as the same may be amended from time to time.

(b) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as an amendment or waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or amendment of any provision of any of the Loan Documents.

(c) This Agreement shall constitute a Loan Document.

8. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

9. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with Borrower and the Administrative Agent. Delivery by facsimile or electronic transmission (including .PDF) of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

NELSON EDUCATION LTD. as Borrower

By 

Name Michael Anderson

Title SVP Finance & CFO

NELSON EDUCATION HOLDINGS LTD.

By 

Name Stephen Aubert

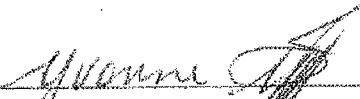
Title VP Finance and Controller

6325684

[Signature Page to Second Grace Period Extension Agreement]

LEGAL_US_E # 109704471.2

ROYAL BANK OF CANADA, as Administrative Agent
and Collateral Agent

By 

Name Yvonne Stewart
Manager, Agency

Title _____

TAB D

Schedule "D"
(see attached)

CONSENT AND SUPPORT AGREEMENT

This consent and support agreement dated as of July 7, 2014 (this "**Agreement**") is entered into by and among: (i) NELSON EDUCATION LTD. (the "**Borrower**"), NELSON EDUCATION HOLDINGS LTD. ("**Holdings**"); and OCP TN HOLDINGS LIMITED ("**OCP**"), collectively with the Borrower and Holdings, the "**Companies**", and referred to collectively as the "**Company**"; and (ii) the undersigned LENDER (the "**Consenting Lender**", and each of the Companies and the Consenting Lender, a "**Party**", and collectively, the "**Parties**").

RECITALS

WHEREAS the Lender extended credit to the Borrower pursuant to that certain First Lien Credit Agreement among the Borrower, Holdings, Royal Bank of Canada, as Administrative Agent, Collateral Agent and Swing Line Lender, as succeeded by Wilmington Trust, National Association as Administrative Agent and Collateral Agent (the "**First Lien Agent**") and certain other lenders party thereto (the "**Lenders**") dated as of July 5, 2007 (the "**First Lien Credit Agreement**"); the obligations of the Companies under the First Lien Credit Agreement and the other Loan Documents (as defined in the First Lien Credit Agreement), including all principal, interest, fee and indemnity obligations, are herein referred to as the "**Obligations**";

WHEREAS the Companies and certain Lenders, including the Consenting Lender, have engaged in negotiations regarding restructuring and refinancing transactions with respect to the capital structure of the Company, including the Companies' obligations under the First Lien Credit Agreement, and desire to implement the terms and conditions (the "**Transaction Terms**") set forth in the term sheet attached hereto as Schedule A (the "**Term Sheet**"), and the transactions contemplated thereby, the "**Transactions**"). Capitalized terms used and not otherwise defined herein, including Schedule B hereto, shall have the meanings assigned to such terms in the Term Sheet or, as the case may be, the First Lien Credit Agreement;

WHEREAS the Companies intend to effectuate the Transactions through a solicitation of the Lenders to execute a Consent and Support Agreement in the form hereof (the "**Consent Solicitation**"), with the Lenders executing a Consent and Support Agreement collectively referred to herein as the "**Consenting Lenders**") and, in the event the Consent Solicitation results in less than unanimous Lender approval, the Companies may effectuate the Transactions through an Alternative Transaction Implementation Method;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

1. Transaction

The Transaction Terms as agreed among the Parties are set forth in the Term Sheet, which is incorporated herein and made a part of this Agreement. In the case of a conflict

between the provisions of this Agreement and the Term Sheet, the provisions of this Agreement shall govern.

2. **Representations and Warranties of the Consenting Lender**

The Consenting Lender hereby represents and warrants to each of the other Parties (and hereby acknowledges that each of the other Parties is relying upon such representations and warranties) that:

- (a) it (or an affiliate or client for which it has discretionary authority to manage or administer Obligations under the First Lien Credit Agreement) is a legal or beneficial holder of loans under the First Lien Credit Agreement in the principal amount set out below its name on the signature pages hereof (together with the related Obligations, including accrued and unpaid interest and fees under the First Lien Credit Agreement, its "**Debt**"; notwithstanding anything to the contrary herein, for purposes of this Agreement "**Debt**" of the Consenting Lender shall not include Obligations held by the Consenting Lender in its capacity or to the extent of its holdings: (i) as a broker or market maker of Obligations; or (ii) as a fiduciary or other representative capacity (collectively, "**Excluded Obligations**"));
- (b) as of the date hereof, the Debt set out below its name on the signature pages hereof constitutes all of the loans under the First Lien Credit Agreement that are legally or beneficially owned by the Consenting Lender or which the Consenting Lender otherwise has the power to vote or dispose of, other than Excluded Obligations;
- (c) it has the authority to vote or direct the voting of its Debt;
- (d) its Debt is not subject to any liens, encumbrances, obligations or other restrictions that would reasonably be expected to adversely affect the Consenting Lender's ability to perform its obligations under this Agreement;
- (e) it has reviewed, or has had the opportunity to review, with the assistance of professional and legal advisors of its choosing, sufficient information necessary for the Lender to decide to consent to the Transaction Terms;
- (f) this Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by the other Parties, this Agreement constitutes the legal, valid and binding obligation of the Consenting Lender, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;
- (g) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

- (h) the execution, delivery and performance of this Agreement and the consummation of the Transactions does not and shall not, (i) to the best of its knowledge (after due inquiry), violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its subsidiaries or properties or assets, (ii) violate its certificate of incorporation, bylaws or other organizational documents or those of any of its subsidiaries, or (iii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party, to the extent such conflict, breach or default could reasonably be expected to prevent or delay the consummation of the Transactions; and
- (i) there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against it or any of its properties that, individually or in the aggregate, would materially adversely affect its ability to execute and deliver this Agreement and to perform its obligations hereunder.

3. The Companies' Representations and Warranties

Each of the Companies hereby represents and warrants to the Consenting Lender (and each of the Companies hereby acknowledges that the Consenting Lender is relying upon such representations and warranties) that:

- (a) it has reviewed, or has had the opportunity to review, with the assistance of professional and legal advisors of its choosing, sufficient information necessary for such Company to decide to consent to the Transaction Terms;
- (b) this Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by the other Parties, this Agreement constitutes the legal, valid and binding obligation of such Company, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;
- (c) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Agreement and to consummate the Transactions, subject, if the Transactions are pursued by way of a Plan pursuant to Section **Error! Reference source not found.**, to the approval of the Plan by the court having jurisdiction over the Proceedings (the "Court");
- (d) the execution, delivery and performance of this Agreement and the consummation of the Transactions does not and shall not, (i) to the best of its knowledge (after due inquiry), violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its subsidiaries or properties or assets, (ii) violate its certificate of incorporation, bylaws or other organizational documents or those of any of its subsidiaries, or (iii) other than as

disclosed to the Consenting Lender or its counsel in a separate written communication prior to the date hereof, conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party, to the extent such conflict, breach or default could reasonably be expected to prevent or delay the consummation of the Transactions;

- (e) there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against it or any of its properties that, individually or in the aggregate, would materially adversely affect its ability to execute and deliver this Agreement and to perform its obligations hereunder; and
- (f) the entry into this Agreement and the Transactions Terms have been approved by its board of directors.

4. Consenting Lender Covenants and Consents

- (a) The Consenting Lender consents and agrees to the terms of, and the transactions contemplated by, this Agreement.
- (b) The Consenting Lender agrees that, during the period commencing with the date of this Agreement and ending on the Expiry Date (as defined below), it shall not, directly or indirectly, sell, use, assign, transfer or otherwise dispose of ("Transfer") its Debt or any voting interest therein, and that any purported Transfer of its Debt or any voting interest therein shall be void and without effect, unless the transferee has executed a Consent and Support Agreement at or before the time of the proposed Transfer. This Agreement shall in no way be construed to preclude the Consenting Lender from acquiring additional Obligations under the First Lien Credit Agreement ("Additional Debt"); *provided, however*, that such Additional Debt shall automatically and immediately upon acquisition by the Consenting Lender be deemed to constitute Debt of the Consenting Lender hereunder, subject to all of the terms of this Agreement, whether or not notice of such acquisition is given to the Company or the First Lien Agent.
- (c) The Consenting Lender agrees that, until the Expiry Date, it:
 - (i) irrevocably consents to the Transactions and the Transaction Terms in respect of all its Debt;
 - (ii) shall not support or take any action that is intended or would reasonably be expected to impede, interfere with, delay or postpone the Transactions; and
 - (iii) shall use commercially reasonable efforts to support the First Lien Agent and its advisors in connection with the consummation of the Transactions through an amendment and restatement of the First Lien Credit Agreement, as described in the Term Sheet, and through the negotiation

and implementation of all ancillary documents necessary to consummate the Transactions.

- (d) The Consenting Lender agrees, subject at all times to Section 9:
 - (i) to the existence and terms of this Agreement, the Transactions and the Transaction Terms being set out in any public disclosure, including, without limitation, press releases and court materials, produced by the Companies at the discretion of the Companies in furtherance of the Transactions; provided, the Companies shall use commercially reasonable efforts to provide advance copies of any such disclosures to the First Lien Agent and, in any event, acknowledge that the initial press release or public disclosure regarding the Transactions shall be subject to Section 5(a) below; and
 - (ii) to this Agreement being filed and/or available for inspection by the public to the extent required by law.
- (e) The Consenting Lender agrees that at the Effective Time and provided that the releases described in Section 5(b) simultaneously become fully effective and enforceable, the Companies and their respective subsidiaries and affiliates and their respective present and former shareholders, officers, directors, employees, advisors (including, without limitation, financial advisors), legal counsel and agents (collectively, the "**Company Released Parties**") will be released and discharged (by way of a separate release to be executed by the Consenting Lender, a Court order, a combination of the foregoing or otherwise) from all present and future actions, causes of action, damages, judgments, executions, and claims including, without limitation, in connection with all matters related to the First Lien Credit Agreement, the other Loan Documents and the transactions contemplated herein; provided that nothing in this paragraph will release or discharge any of the Company Released Parties from or in respect of (i) their obligations to the Consenting Lender under the agreements executed to implement the Transaction Terms (including without limitation the New First Lien Credit Agreement) or (ii) claims in respect of such Company Released Party's own fraud if the Company Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits by a court of competent jurisdiction to have committed fraud.

5. Companies' Covenants

- (a) The Companies agree that, once this Agreement has become effective and binding on the parties hereto, the Companies will, in a timely manner, cause to be issued a press release or other public disclosure that discloses the material provisions of the Transaction Terms (subject to Section 9) in a form reasonably satisfactory to the First Lien Agent, it being understood that nothing contained in this Agreement is intended to, or shall, restrict the Companies from making any disclosures to the extent required by law.

- (b) The Companies agree that at the Effective Time and provided that the releases described in Section 4(e) simultaneously become fully effective and enforceable, the Consenting Lender and the First Lien Agent, together with their respective subsidiaries and affiliates and their respective present and former shareholders, officers, directors, employees, advisors (including, without limitation, financial advisors), legal counsel and agents (collectively, the "**Lender Released Parties**") will be released and discharged (by way of a separate release to be executed by the Companies, a Court order, a combination of the foregoing or otherwise) from all present and future actions, causes of action, damages, judgments, executions, and claims including, without limitation, in connection with all matters related to the First Lien Credit Agreement, the other Loan Documents and the transactions contemplated herein; provided that nothing in this paragraph will release or discharge any of the Lender Released Parties from or in respect of their obligations under the agreements executed to implement the Transaction Terms or from any claims in respect of such Lender Released Parties' own fraud if the Lender Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits by a court of competent jurisdiction to have committed fraud.
- (c) The Companies agree to use their commercially reasonable efforts to, as promptly as practicable following the effective date of this Agreement, solicit the requisite approvals for and consummate the Transactions, including through the Consent Solicitation and the solicitation of the Second Lien Lenders, and through the negotiation and implementation of an amended and restated First Lien Credit Agreement and all ancillary documents necessary to consummate the Transactions.
- (d) Except as otherwise expressly provided in this Agreement, each of the Companies agrees that, from the date of this Agreement until the Expiry Date, it shall use its commercially reasonable efforts to operate its businesses and maintain its assets, preserve its business and goodwill, maintain and renew its permits and licenses, keep available the service of its officers and employees, preserve its relationships with suppliers and other constituencies, maintain its books and records and pay its obligations as they come due, in each case in the ordinary course of business, consistent with past practice; and
- (e) Each of the Companies further agrees that it shall not support any action that is intended or would reasonably be expected to impede, interfere with, delay or postpone the Transactions.

6. **Good Faith Negotiation of Documents**

- (a) The Parties shall cooperate with each other in good faith in respect of (i) the timely satisfaction of conditions with respect to the effectiveness of the Transactions; (ii) all matters concerning the implementation of the Transactions; and (iii) the pursuit and support of the Transactions. Furthermore, subject to the terms hereof, each of the Parties shall take such action as may be reasonably

necessary to carry out the purposes and intent of this Agreement, including making and filing any required regulatory filings (subject to Section 10(g)).

- (b) Each Party covenants and agrees to negotiate (or in the case of the Consenting Lender, to support the First Lien Agent in negotiating on the Consenting Lender's behalf) the definitive documents relating to the Transactions in good faith and consistent with the Term Sheet, and to promptly advise the other Parties of any breach of any representation or warranty or the occurrence of any termination event set out in Section 8 hereof of which it becomes aware.

7. **Alternative Transaction Implementation Method**

- (a) In the event that Lenders holding less than 100% of the Debt become party to a Consent and Support Agreement on or prior to July 17, 2014, or such other date as communicated by the Companies, the Companies may, at the discretion of the Companies, proceed with the Transactions by way of

- (i) a forbearance agreement on terms acceptable to the Companies and the First Lien Agent (the "**Forbearance**"); or
- (ii) if the Companies receive the separate consent of the Majority Consenting Lenders to commence a proceeding under the *Canada Business Corporations Act* (the "**CBCA**") to implement the Transactions, a plan of arrangement under the CBCA incorporating the Transaction Terms and such other terms as may be acceptable to the Majority Consenting Lenders and the Companies (the "**Plan**"),

(either (i) or (ii) above being an "**Alternative Transaction Implementation Method**").

- (b) If the Companies pursue the completion of the Transactions by way of a Forbearance pursuant to this Section 7:

- (i) the Consenting Lender hereby irrevocably consents to the implementation of the Forbearance in respect of all its Debt; and
- (ii) the Forbearance shall be binding on all Lenders upon obtaining the requisite lender approval required under the First Lien Credit Agreement.

- (c) If the Companies pursue the completion of the Transactions by way of a Plan pursuant to this Section 7:

- (i) the Plan shall bind all Lenders to the Transaction Terms pursuant to the CBCA;
- (ii) the Companies shall provide draft copies of all motions, applications, documents and pleadings the Companies intend to file with the Court to counsel for the First Lien Agent at least three days prior to the date when the Companies intend to file such document (or, where circumstances

make it impracticable to allow for three days' review, with as much opportunity for review as is practically possible in the circumstances) and shall consult in good faith with such counsel regarding the form and substance of any such proposed filing;

- (iii) the Consenting Lender hereby agrees that it:
- (A) shall vote (or cause to be voted) all of its Debt in favour of the approval, consent, ratification and adoption of the Plan, not change or withdraw such vote, and not object, delay, impede or take any other action to interfere with the approval, consent, ratification and adoption of the Plan;
 - (B) shall, to the extent it effects a transfer or assignment of any of its Debt in accordance with Section 4(b) hereof after 5:00 p.m. (Toronto time) on the record date for the meeting of Lenders to be held to consider the Plan and is entitled to vote on the adoption and approval of the Plan, vote all of its Debt that is the subject of the transfer on behalf of the transferee in favour of the approval, consent, ratification and adoption of the Plan; and
 - (C) prospectively waives any Event of Default that may be deemed to have occurred pursuant to Section 8.01 of the First Lien Credit Agreement to the extent arising from the commencement and continuation of the Proceedings in conformity with this Agreement and in furtherance of the Transactions (but not, for the avoidance of doubt, to the commencement or continuation of any other proceeding under the CBCA or otherwise),

provided, however, that nothing contained herein shall limit the ability of the Consenting Lender (or any representative thereof) to appear and be heard concerning any matter arising in the Proceedings so long as such appearance is not inconsistent with the Consenting Lender's obligations under this Agreement, the terms of the Plan or the Transaction Terms.

8. Termination

- (a) This Agreement and the obligations of the Companies and the Consenting Lender set out in this Agreement may (or in the case of subsection (v), shall automatically) be terminated in the following manner and upon the earliest to occur of the following events (such earliest date being the "Expiry Date"):
- (i) by the Companies on two days' written notice to the Majority Consenting Lenders;
 - (ii) by the Majority Consenting Lenders by written notice to the Companies;

- (A) in the event the Companies pursue the completion of the Transactions by way of an Alternative Transaction Implementation Method pursuant to Section 7, the Effective Time shall not have occurred by October 31, 2014, or such other date as the Companies and the Majority Consenting Lenders may agree in writing, acting reasonably; or
 - (B) upon a material breach of any representation, warranty, covenant or other agreement of any Company set forth in this Agreement which is incapable of being cured or, if capable of cure, is not cured within 10 days thereof, or such other date as the Companies and the Majority Consenting Lenders may agree in writing, acting reasonably;
 - (iii) by the Consenting Lender as to itself by written notice to the Companies and the First Lien Agent, if the Effective Time shall not have occurred by October 31, 2014, or such other date as the Companies and the Majority Consenting Lenders may agree in writing, acting reasonably;
 - (iv) by the Companies or the Majority Consenting Lenders by written notice to, respectively, the First Lien Agent and the Companies, if an injunction, judgment, order, decree, ruling or charge shall have been entered that prevents the consummation of the Transactions in accordance with the Term Sheet; and
 - (v) automatically upon the Effective Time.
- (b) Each Party shall be responsible and shall remain liable for any breach of this Agreement by such Party occurring prior to the Expiry Date. No termination fee is payable under this Agreement.

9. Confidentiality

The Companies agree, on their own behalf and on behalf of their Representatives (defined below), to maintain the confidentiality of the identity and holdings of the Consenting Lender; *provided*, however, that such information may be disclosed: (i) to the Companies' respective directors, executives, officers, auditors, and employees and financial and legal advisors or other agents (collectively, referred to herein as the "Representatives"; and individually, as a "Representative") who have a need to know such information in connection with the Transactions, provided that each such Representative is informed of this confidentiality provision; and (ii) to the extent required by, (x) any subpoena, or other legal process, including, without limitation, by the Court or applicable rules, regulations or procedures of the Court, or (y) any regulatory agency or authority. If the Companies or their Representatives receive a subpoena or other legal process as referred to in clause (ii)(x) above in connection with this Agreement, the Companies shall provide the Consenting Lender with prompt written notice of any such request or requirement, to the extent permissible and practicable under the circumstances, so that the Consenting Lender may seek a protective order or other appropriate

remedy or waiver of compliance with the provisions of this Agreement. Notwithstanding the provisions in this Section 9: (a) the Companies may disclose the existence of and nature of support evidenced by the Consent and Support Agreements in any public disclosure (including, without limitation, press releases and Court materials) produced by the Companies at the discretion of the Companies; *provided* (1) that in the context of any such public disclosure, only the aggregate holdings of the Consenting Lenders may be disclosed (but not their individual holdings), (2) the Companies shall use commercially reasonable efforts to consult with the First Lien Agent as to the form and content of any proposed public disclosure addressing the Consent and Support Agreements; (b) the Companies may disclose the holdings of the Consenting Lender in any action to enforce this Agreement or in an action for damages as a result of any breach hereof; and (c) the Companies may disclose, to the extent consented to in writing by the Consenting Lender, such Consenting Lender's holdings.

10. **Miscellaneous**

- (a) The headings in this Agreement are for convenience of reference and are not part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.
- (b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.
- (c) This Agreement (including the Term Sheet and the other schedules attached to this Agreement) constitutes the entire agreement among the Parties and supersedes all prior agreements and understandings, both oral and written, among the Parties with respect to the subject matter hereof.
- (d) Except as otherwise expressly provided herein, for the purposes of this Agreement, any matter requiring the agreement, waiver, consent or approval of the Consenting Lenders shall require the agreement, waiver, consent or approval of the Majority Consenting Lenders. The Companies shall be entitled to rely on written confirmation from Willkie Farr & Gallagher LLP and/or Bennett Jones LLP, counsel to the First Lien Agent, that the Majority Consenting Lenders have, or any Consenting Lender has, agreed, waived, consented to or approved a particular matter.
- (e) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise.
- (f) Any date, time or period referred to in this Agreement shall be of the essence except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.
- (g) The Companies acknowledge and agree that Sections 10.04 and 10.05 of the First Lien Credit Agreement is applicable to the fees and expenses of the First Lien

Agent in connection with the negotiation of this Agreement and to any claims for indemnity by the Consenting Lender in respect of this Agreement.

- (h) All notices and other communications which may be or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by facsimile transmission, in each case addressed to the particular Party:

- (i) If to the Companies, at:

c/o Nelson Education Ltd.
1120 Birchmount Road
Scarborough, Ontario M1K 5G4
Canada

Attention: Greg Nordal
Facsimile No.: 416.752.8101
E-mail: greg.nordal@nelson.com

With a required copy (which shall not be deemed notice) to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7
Canada

Attention: Robert J. Chadwick
Facsimile No.: 416.979.1234
E-mail: rchadwick@goodmans.ca

- (ii) If to the First Lien Agent:

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402

Attention: Jeffery Rose
Facsimile No.: 612.217.5651
E-mail: jrose@wilmingtontrust.com

With required copies (which shall not be deemed notice) to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, N.Y. 10019-6009

Attention: Paul Shakub
Facsimile No.: 212.728.8111
E-mail: pshalhoub@willkie.com

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

Attention: Kevin J. Zych
Facsimile No.: 416.863.1716
E-mail: zychk@bennettjones.com

(iii) If to the Consenting Lender at:

The address set forth for the Consenting Lender beside its signature.

With required copies (which shall not be deemed notice) to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, N.Y. 10019-6009

Attention: Paul Shakub
Facsimile No.: 212.728.8111
E-mail: pshalhoub@willkie.com

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

Attention: Kevin J. Zych
Facsimile No.: 416.863.1716
E-mail: zychk@bennettjones.com

or at such other address of which any Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery thereof.

(i) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and

provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

- (j) The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Parties hereto.
- (k) All representations, warranties and covenants contained in this Agreement on the part of each of the Parties shall survive until the Expiry Date, save and except for the obligations of the Companies under Section 9 and the following Sections 10(l) and 10(m), which shall survive after the Expiry Date.
- (l) This Agreement is governed by the laws of the State of New York and the federal laws applicable therein. Each Party submits to the jurisdiction of the courts of competent jurisdiction in the State of New York in respect of any action or proceeding relating to this Agreement. The Parties shall not raise any objection to the venue of any proceedings in any such court, including the objection that the proceedings have been brought in an inconvenient forum.
- (m) The Parties waive any right to trial by jury in any proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, present or future, and whether sounding in contract, tort or otherwise. Any Party may file a copy of this provision with any court as written evidence of the knowing, voluntary and bargained for agreement between the Parties irrevocably to waive trial by jury, and that any proceeding whatsoever between them relating to this Agreement or any of the transactions contemplated by this Agreement shall instead be tried by a judge or judges sitting without a jury.
- (n) The Consenting Lender agrees that it shall not make any public announcement or statement with respect to this Agreement, the Term Sheet or the Transactions without the prior written approval of the Companies. The Consenting Lender acknowledges and agrees that this Agreement and all communications and statements with respect to the transactions contemplated by the Transactions or any negotiations, terms of other facts with respect thereto are subject to the confidentiality obligations contained in Section 10.08 of the First Lien Credit Agreement and constitute "Information" thereunder.
- (o) Except as otherwise expressly provided in this Agreement, all representations, warranties, obligations, liabilities and indemnities of each Company shall be joint and several.

- (p) The Consenting Lender recognizes and acknowledges that this Agreement is an integral part of the Transactions, and accordingly acknowledges and agrees that a breach by the Consenting Lender of any covenants or other commitments contained in this Agreement will cause the Companies to sustain injury for which they would not have an adequate remedy at law for monetary damages. Therefore, the Parties agree that in the event of any such breach, the Companies shall be entitled to the remedy of specific performance of such covenants or commitments and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.
- (q) This Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same agreement.
- (r) This Agreement is only for the benefit of the Parties hereto and nothing in this Agreement, express or implied, is intended or shall be construed to confer upon any person or entity other than the Parties any rights or remedies, and no person or entity other than the Parties shall be entitled to rely in any way upon this Agreement.
- (s) Except as expressly provided in this Agreement, nothing herein is intended to, or does, or shall be deemed in any manner to waive, limit, impair or restrict any right of the First Lien Agent or the Consenting Lender under the First Lien Credit Agreement and the Loan Documents, nor to amend or waive any provision of the First Lien Credit Agreement in any manner. Without limitation of the foregoing, if the Transactions are not consummated, or if this Agreement is terminated for any reason, the Parties each fully reserve any and all of their rights and remedies in respect of the First Lien Credit Agreement.

[Remainder of this page intentionally left blank; next page is signature page]

SCHEDULE A

TERM SHEET

(see attached)

1
2
3
4
5

July 7, 2014

PRIVATE AND CONFIDENTIAL
WITHOUT PREJUDICE

NELSON EDUCATION LTD.

FIRST LIEN CREDIT FACILITIES

OUTLINE OF CERTAIN KEY TERMS AND CONDITIONS

This summary of terms and conditions (the "First Lien Term Sheet") is non-binding and is intended for discussion purposes only and does not constitute an offer, agreement or commitment to extend credit or provide any financing, nor any agreement to modify, amend, waive or forbear in respect of any of the terms of the Existing First Lien Credit Agreement (as defined below) or any related credit or security document. This First Lien Term Sheet is not exhaustive or definitive as to the terms and conditions which would govern any transactions referred to herein. No term provided herein shall be effective unless and until definitive agreements are entered into by the applicable parties and such definitive agreements become effective in accordance with their terms.

Capitalized terms used herein but not otherwise defined herein have the meaning ascribed to them in the First Lien Credit Agreement dated as of July 5, 2007 among Nelson Education Ltd., Nelson Education Holdings Ltd., Royal Bank of Canada as administrative agent, collateral agent and swing line lender, and the other lenders party thereto (as such agreement has been and may be amended from time to time, the "Existing First Lien Credit Agreement").

This First Lien Term Sheet is proffered in furtherance of settlement discussions, and is entitled to the protections of Federal Rule of Evidence 408 and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.

I. PARTIES

BORROWER:	Nelson Education Ltd. (the " Borrower ")
HOLDINGS:	Nelson Education Holdings Ltd. (" Holdings ")
ADMINISTRATIVE AGENT AND COLLATERAL AGENT:	Wilmington Trust, National Association (the " Agent ")
LENDERS:	Lenders under the Existing First Lien Credit Agreement (the " First Lien Lenders ")
FIRST LIEN STEERING COMMITTEE:	The ad hoc committee of First Lien Lenders represented by Willkie Farr & Gallagher LLP and Bennett Jones LLP (the " First Lien Steering Committee ")

II. TERMS

PRINCIPAL OUTSTANDING:	Obligations under the Existing First Lien Credit Agreement to be fully restated and unaffected.
MATURITY:	December 31, 2017, subject to early termination provisions.

INTEREST RATE: 7% per annum cash interest to be paid monthly in arrears.

EFFECTIVE DATE: The transactions contemplated by this First Lien Term Sheet (the "**Transaction**") shall become effective on (i) the date of implementation of the Transaction with the consent of 100% of the First Lien Lenders, or (ii) if the Transaction is implemented pursuant to an Alternative Transaction Implementation Method, the date such method effectuates the Transaction ("**Effective Date**").

CONDITIONS PRECEDENT

Usual and customary closing conditions for transactions of this type, including but not limited to:

Receipt by the Agent of definitive legal documentation (the "**Definitive Documents**") implementing the Transaction, which Definitive Documents shall be in form and substance acceptable to the Borrower and the Agent¹.

Receipt by the Agent of an agreement containing terms and conditions relating to the resolution of the indebtedness outstanding under the existing Second Lien Credit Agreement in form and substance acceptable to the Borrower and the Agent (including no cash payment of interest to lenders under the Second Lien Credit Agreement).

Payment on the Effective Date of the First Lien Early Consent Consideration.

Payment on the Effective Date of the Implementation Paydown.

On the Effective Date, or such later date as agreed to by the Agent and the Borrower, a person acceptable to the Agent shall be appointed to serve as an observer to the Borrower's board of directors and any and all board committees (the "**Observer**"), subject to customary confidentiality provisions.

Customary regulatory approvals.

Receipt by the Agent of all accrued and unpaid interest and any other fees owing to the First Lien Lenders and the Agent under the Existing First Lien Credit Agreement, to be paid in full in cash.

Payment by the Borrower of all accrued and unpaid expenses of the Agent and the First Lien Lenders, including the

¹ When in this First Lien Term Sheet a matter requires the acceptance or agreement of the Agent, it shall require the acceptance or agreement of First Lien Lenders holding a majority of the principal amounts outstanding under the Existing First Lien Credit Agreement or under the amended First Lien Credit Agreement, as applicable.

professional fees and expenses of Willkie Farr Gallagher LLP, Bennett Jones LLP and AlixPartners, that have been invoiced prior to the Effective Date.

EARLIER MATURITY DATE: From and after July 5, 2015 and until September 5, 2015, right of 66 2/3% of the First Lien Lenders to accelerate to an earlier maturity date to December 31, 2015.

GUARANTEES: Substantially the same as under the Existing First Lien Credit Agreement (other than Groupe Modulo Inc.).

SECURITY: Substantially the same as under the Existing First Lien Credit Agreement.

MANDATORY PREPAYMENTS: Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon by the Borrower and the Agent.

VOLUNTARY PREPAYMENTS AND REPURCHASES: Voluntary prepayments allowed at any time as under the Existing First Lien Credit Agreement.

REPAYMENT: Repayable at par at any time prior to the Maturity Date.

EXCESS CASH FLOW SWEEP: Excess cash flow sweep to be agreed upon by the Borrower and the Agent.

REPRESENTATIONS AND WARRANTIES: Substantially the same as under the Existing First Lien Credit Agreement, subject to amendment for current status.

AFFIRMATIVE COVENANTS: Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon by the Borrower and the Agent. In addition:

The Operating Agreement between the Borrower and Cengage Learning Inc. (formerly Thomson Learning Inc.) ("Cengage") dated January 1, 2007 and the Master Services Agreement between the Borrower and Cengage dated July 5, 2007, as amended from time to time, (i) shall remain in full force and effect, and (ii) shall not be materially amended, modified or supplemented without the consent of the Agent. If a notice of non-renewal of the Operating Agreement has been received by the Borrower from Cengage, then from and after April 1, 2017, 66 2/3% of the First Lien Lenders shall have the right to accelerate to an earlier maturity date on thirty (30) days' written notice to the Borrower. If the Operating Agreement is terminated, then 66 2/3% of the First Lien Lenders shall have the right to accelerate to an earlier maturity date on thirty (30) days' written notice to the Borrower.

An additional independent director, acceptable to the Agent and the Borrower, shall be appointed to the board within

thirty (30) days of the Effective Date, or such later date as agreed to by the Agent and the Borrower.

Borrower shall provide financial statements monthly within fifteen (15) calendar days after the end of each calendar month to the Agent, subject to confidentiality restrictions.

Within fifteen (15) days following the Effective Date, or such later date as agreed to by the Agent and the Borrower, the Borrower shall retain an operational consultant or officer who shall focus on operational and cost efficiencies and business improvement opportunities who shall report to the CEO and the Borrower's board of directors (the "**Operational Third Party**"). The Operational Third Party, and the terms of the Operational Third Party's engagement, shall be acceptable to the Agent and the Borrower. Borrower shall cooperate with the Operational Third Party, and the Agent and the First Lien Lenders shall be provided reasonable access to the Operational Third Party, who shall be available for periodic update calls with the Agent and the First Lien Lenders and provide such information and updates as may be reasonably requested by the Agent or the First Lien Lenders.

Borrower's CEO and CFO shall be available for periodic update calls with the Agent and the First Lien Lenders and provide such information and updates as may be reasonably requested by the Agent and the First Lien Lenders, subject to confidentiality restrictions.

On or before the date that is ninety (90) days from the Effective Date, or such later date as agreed to by the Agent and the Borrower, the Borrower shall deliver to the Agent a copy of an operational plan (the "**Operational Plan**") prepared by the Operational Third Party, and a timeline for implementation of the Operational Plan, subject to confidentiality restrictions.

On or before the date that is thirty (30) days from the Effective Date, or such later date as agreed to by the Agent and the Borrower, the Borrower shall retain an investment bank (the "**IB**"), on terms acceptable to the Agent, to review strategic and refinancing alternatives.

The Operational Third Party shall provide the Agent with monthly updates regarding the Operational Plan, including with respect to savings achieved under the Operational Plan and any potential additional cost saving measures that may be appropriate to implement. The IB shall provide the Agent with monthly updates.

Borrower shall deliver to the Agent a copy of a long-term

business plan for the Borrower on or prior to December 31, 2014, or such later date as agreed to by the Agent and the Borrower, reviewed by the Operational Third Party and approved by the Borrower's board of directors, subject to confidentiality restrictions.²

EXTENSION OF MATURITY DATE:

From and after April 1, 2017, right of 66 2/3% of the First Lien Lenders to extend the maturity date up to a maximum of 1 year on ninety (90) days' written notice to the Borrower.

NEGATIVE COVENANTS:

Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon, including with respect to material transactions.

FINANCIAL COVENANTS:

To be mutually agreed upon by the Borrower and the Agent.

UNRESTRICTED SUBSIDIARIES:

Substantially the same as under the Existing First Lien Credit Agreement.

EVENTS OF DEFAULT:

Substantially the same as under the Existing First Lien Credit Agreement.

DEFAULT RATE:

Any principal or interest payable under or in respect of the Existing First Lien Credit Agreement not paid when due shall, to the extent permitted by law, bear interest at the applicable interest rate plus 2% per annum.

VOTING:

Except as provided herein, substantially the same as under the Existing First Lien Credit Agreement.

COST AND YIELD PROTECTION:

Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon (including updating for Dodd-Frank and Basel III).

MANAGEMENT INCENTIVE PLAN:

A management incentive plan and key management employment agreements shall be in place on terms acceptable to the Borrower and the Agent within ninety (90) days following the Effective Date, or such later date as agreed to by the Agent and the Borrower.

ASSIGNMENTS AND PARTICIPATIONS:

Substantially the same as under the Existing First Lien Credit Agreement.

EXPENSES AND INDEMNIFICATION:

Substantially the same as under the Existing First Lien Credit Agreement.

² The agent under the Second Lien Credit Agreement shall have the same access to Borrower's CEO and CFO, the Operational Third Party, the IB, the Operational Plan and the business plan as the Agent.

OTHER TERMS: Other terms generally consistent with the Existing First Lien Credit Agreement and as agreed to by the Borrower and the Agent.

RELEASES, ETC. Usual and customary for transactions of this nature, including, but not limited to, that each of the Loan Parties, their respective successors and assigns, shall: (i) release the First Lien Lenders and the Agent from all actions, causes of action, damages, judgments, executions, and claims arising under the Existing First Lien Credit Agreement, the other Loan Documents and the transactions contemplated thereby and hereby on or prior to the Effective Date; (ii) affirm and acknowledge indebtedness owed and ratify and affirm liens and security interests; and (iii) ratification of all liens and guarantees.

GOVERNING LAW AND FORUM: New York.

III. IMPLEMENTATION

DEFINITIVE DOCUMENTS: The Definitive Documents implementing the Transaction shall be in form and substance acceptable to the Agent.

CONSENT SOLICITATION: Seek consent of 100% of the First Lien Lenders.

ALTERNATIVE TRANSACTION IMPLEMENTATION METHOD: In the event the required consents are not obtained, the Borrower may elect to effectuate the Transaction by way of a forbearance agreement on terms acceptable to the Borrower and the Agent (the "**Forbearance**") or by way of a plan of arrangement (the "**Canadian Plan of Arrangement**") to be filed under the *Canada Business Corporations Act* (the "**CBCA**") in each case subject to the terms of the First Lien Lender Consent Agreement executed by the Consenting First Lien Lenders (each an "**Alternative Transaction Implementation Method**").

CONSENT AGREEMENT AND EARLY CONSENT CONSIDERATION: Consenting First Lien Lenders ("**Consenting First Lien Lenders**") who sign a consent and support agreement in form reasonably satisfactory to the Borrower (each a "**First Lien Lender Consent Agreement**") by the Early Consent Date (the "**Early Consenting First Lien Lenders**") will receive on the Effective Date a consent fee of 5% of the outstanding principal amounts of the first lien term loans owing to the Early Consenting First Lien Lender as of the Early Consent Date (the "**First Lien Early Consent Consideration**") to be paid in additional first lien term loans on the Effective Date prior to the determination of the Implementation Paydown. Early Consenting First Lien Lenders shall also be entitled to receive their First Lien Early Consent Consideration in the

event the Borrower elects to implement the Transaction pursuant to an Alternative Transaction Implementation Method upon implementation of the Transaction.

In order to be a Consenting First Lien Lender under a First Lien Lender Consent Agreement, such Consenting First Lien Lender will be required to agree to (i) consent to and vote in favour of the Transaction, and (ii) consent to the Forbearance, in respect of any and all of the debt owing to such Consenting First Lien Lender under the Existing First Lien Credit Agreement, all subject to the terms of the First Lien Lender Consent Agreement.

For avoidance of doubt, First Lien Lenders that do not execute a First Lien Lender Consent Agreement prior to or on July 17, 2014 or such other date as communicated by the Borrower (the "~~Early Consent Date~~") will not receive the First Lien Early Consent Consideration, but will be bound to the terms of the Transaction through the Alternative Transaction Implementation Method upon requisite consents being received.

IMPLEMENTATION PAYDOWN

On the Effective Date, each First Lien Lender will receive its pro rata share of a cash paydown in the aggregate amount of CD\$15 million (the "**Implementation Paydown**") based on the outstanding principal amount of first lien term loans owing to such First Lien Lender in relation to the outstanding aggregate principal amount of first lien term loans owing to all First Lien Lenders as of the Effective Date.

IV. ADDITIONAL CONDITIONS

INTERNAL REORGANIZATION:

Completion of an internal reorganization transaction including: (a) the elimination of the subordinated intercompany debt, including principal and accrued interest, between Nelson Education Ltd. and Nelson Education Holdings Ltd. and a reduction of the interest rate on the subordinated intercompany debt between Nelson Education Holdings Ltd. and TN Holdings, LP; and (b) the contemplated share transfers as approved by the Minister of Canadian Heritage.

DEBT REPAYMENT:

No payments shall be made or permitted on any debt (subordinated or otherwise) owing to shareholders without the consent of the Agent, other than reasonable expense reimbursements in the ordinary course.

OTHER CONDITIONS:

Negotiation, execution and delivery of acceptable documentation, including any amendments to the existing Intercreditor Agreement and/or Collateral Documents.

Other approvals and conditions as are customary for transactions of this nature and as applicable based upon the method of implementation.

6343325

SCHEDULE B

DEFINITIONS

"Effective Time" means the time of consummation of the Transactions, whether pursuant to the Consent Solicitation or through an Alternative Transaction Implementation Method.

"Governmental Entity" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, body, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

~~**"Majority Consenting Lenders"** means Consenting Lenders representing not less than a majority of the aggregate Obligations held by all Consenting Lenders.~~

"Person" means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a Governmental Entity or any agency, instrumentality or political subdivision of a Governmental Entity, or any other entity or body.

"Second Lien Lenders" means the lenders party to the Second Lien Credit Agreement dated as of July 5, 2007 with the Borrower, Holdings, and Royal Bank of Canada, as Administrative Agent and Collateral Agent.

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

Court File No: CV15-10961-00CL

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

Applicants

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

Proceeding commenced at Toronto

**TRANSCRIPT BRIEF
(Sale Approval Motion and RBC Motion returnable
August 13, 2015)
Volume I – Evidence of Greg Nordal**

GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Benjamin Zarnett LSUC#: 17247M
bzarnett@goodmans.ca
Jessica Kimmel LSUC#: 32312W
jkimmel@goodmans.ca
Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca
Caroline Descours LSUC#: 58251A
cdescours@goodmans.ca
Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants