File No. CV-11-9159-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST, PRISZM INC., AND KIT FINANCE INC.

(the "**Applicants**")

APPLICATION RECORD
(returnable March 31, 2011)

VOLUME II OF III

March 31, 2011

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INDEX

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(the "**Applicants**")

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This is Exhibit "D"
to the affidavit of Deborah Papernick,
sworn before me on the 31st day
of March, 2011

Commissioner for Taking Affidavits

KIT FINANCE INC.

AMENDMENT NO. 1 TO NOTE PURCHASE AND PRIVATE SHELF AGREEMENT

As of January 31, 2006

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **KIT INC.**, a Canadian corporation (together with its successors and assigns, "**KIT Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1 Note Issuance, etc.

The Company issued and sold (i) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (ii) authorized the issuance and sale by the Company from time to time of its secured shelf notes in the aggregate principal amount of up to US$1,800,000 (or the Canadian Dollar Equivalent thereof) (as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement (the "**Existing Note Agreement**" and, as amended by this Amendment No. 1 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"), dated as of January 12, 2006, and entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto. The register for the registration and transfer of the Existing Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5, the Existing Note Agreement is amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

4.2. Legal Validity.

The execution and delivery of this Amendment Agreement by each of the Obligors and compliance by each of the Obligors with its obligations hereunder: (a) are within the powers of such Obligor; and (b) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (i) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (ii) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (iii) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.3. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement, would constitute a Default or an Event of Default.

5. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective as of the first date written above (the "**Effective Date**") upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Prudential and the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expense of the Current Noteholders' special counsel, in connection with this Amendment Agreement; and

(c) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel, and the Current Noteholders and their counsel shall have received copies of such other documents and papers as the Current Noteholders or their counsel may reasonably request in connection herewith.

6. EXPENSES.

Whether or not the Amendments become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of your special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the Effective Date, pay the fees and expense of Bingham McCutchen LLP incurred through the Effective Date. Nothing in this Section shall limit the obligations of the Obligors pursuant to Section 14B of the Existing Note Agreement.

7. MISCELLANEOUS.

7.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and

all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

7.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

7.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[Remainder of page intentionally left blank; next page is signature page.]

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and the Obligors.

Very truly yours,

KIT FINANCE INC.

By: _____
Name:
Title:

KIT INC.

By: _____
Name:
Title:

The foregoing Agreement is
hereby accepted as of the
date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: Billy Green NF
Name:
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: Billy Green NF
Name:
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: Billy Green NF
Name:
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc.,
as investment manager

By: Billy Green NF
Name:
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

The Prudential Insurance Company of America

Pruco Life Insurance Company

Prudential Retirement Insurance and Annuity Company

Exhibit A

AMENDMENTS

1. Clause 5A(1)(vi) of the Existing Note Agreement shall be and is hereby amended and restated in its entirety as follows:

> "**(vi)** by February 1, 2006, a movable hypothec in the form of Exhibit L attached hereto, and by February 21, 2006, an immovable hypothec in the form of Exhibit M attached hereto and other security documents as may be necessary for the purpose of creating and preserving in the Province of Québec and in any other relevant jurisdiction the Liens constituted by any of the foregoing;"

2. Clause 5A(1)(vii) of the Existing Note Agreement shall be and is hereby amended and restated in its entirety as follows:

> "**(vii)** by February 1, 2006, Mortgages in the form of Exhibit O hereto, and by February 21, 2006, Mortgages in the form of Exhibit N attached hereto and such other agreements in favor of the Collateral Agent reasonably requested by Prudential in order to establish first-priority Liens (but subject to any applicable Permitted Liens) on all Real Property as described on Schedule 5A(1)(vii); and"

3. Clause 5A(1)(viii) of the Existing Note Agreement shall be and is hereby amended and restated in its entirety as follows:

> "**(viii)** by February 28, 2006, an account control agreement in favor of the Collateral Agent in respect of each deposit account at Royal Bank of Canada and Canadian Imperial Bank of Commerce, each duly executed by the parties thereto and in form and substance satisfactory to Prudential and the holders of any Notes."

4. A new paragraph 5T shall be added immediately following paragraph 5S of the Existing Note Agreement and shall read as follows:

> "**5T Transfer of Funds.** From and after February 28, 2006:
>
> **(i)** all funds maintained by any member of the Obligor Group in deposit accounts other than a Cash Collateral Account shall be transferred into the Cash Collateral Accounts at least once each week;
>
> **(ii)** as soon as practicable and in any event within 45 days after the end of each quarterly period in each Fiscal Year, KIT Inc. shall deliver to each holder of any Notes, an Officer's Certificate pertaining to all

deposit accounts, including the Cash Collateral Accounts, specifying, (x) the credit balance for the Cash Collateral Accounts, (y) the credit balance for each other deposit account, and (z) evidence satisfactory to each holder of any Notes that the aggregate amount of all such credit balances held at deposit accounts, at the end of such quarter complies with the requirements of paragraph 6P.

5. Paragraph 6P of the Existing Note Agreement shall be and is hereby amended and restated in its entirety as follows:

"**6P. Deposit Accounts.** From and after February 28, 2006, the Obligors will not, and will not allow the other members of the Obligor Group to, permit the sum of the aggregate credit balances in all deposit accounts (excluding the credit balances in the Cash Collateral Accounts) of the members of the Obligor Group to exceed at any time 20% of the Total Credit Balance.

6. The definitions of "Cash Collateral Accounts" and "Total Credit Balance" shall be added to paragraph 11B of the Existing Note Agreement in their appropriate alphabetical order thereof to read as follows:

"**Cash Collateral Accounts**" shall mean collectively, each of the deposit accounts maintained by any member of the Obligor Group with Royal Bank of Canada and the Canadian Imperial Bank of Commerce or any other financial institution, so long as such account is subject to an account control agreement in favor of the Collateral Agent, which account control agreement is in form and substance acceptable to Prudential and the Required Holders.

"**Total Credit Balance**" shall mean the total aggregate amount of the credit balance in the Cash Collateral Accounts and any other deposit accounts at any time.

Execution Version

KIT FINANCE INC.

AMENDMENT NO. 2 TO NOTE PURCHASE AND PRIVATE SHELF AGREEMENT

As of July 11, 2006

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **KIT INC.**, a Canadian corporation (together with its successors and assigns, "**KIT Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1 Note Issuance, etc.

The Company issued and sold (i) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (ii) authorized the issuance and sale by the Company from time to time of its secured shelf notes in the aggregate principal amount of up to US$1,800,000 (or the Canadian Dollar Equivalent thereof) (as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement (the "**Existing Note Agreement**" and, as amended by Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006 and by this Amendment No. 2 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"), dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto). The register for the registration and transfer of the Existing Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5, the Existing Note Agreement is amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

4.2. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors and compliance by each of the Obligors with its obligations hereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.3. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement, would constitute a Default or an Event of Default.

5. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective as of the first date written above (the "**Effective Date**") upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Prudential and the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of the Current Noteholders' special counsel, in connection with this Amendment Agreement; and

(c) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel, and the Current Noteholders and their counsel shall have received copies of such other documents and papers as the Current Noteholders or their counsel may reasonably request in connection herewith.

6. EXPENSES.

Whether or not the Amendments become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the Effective Date, pay the fees and expenses of Bingham McCutchen LLP incurred through the Effective Date. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

7. MISCELLANEOUS.

7.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note

Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

7.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

7.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[Remainder of page intentionally left blank; next page is signature page.]

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: Peter Walkey
Title: Chief Financial Officer

KIT INC.

By: _____
Name: Peter Walkey
Title: Chief Financial Officer

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By:_____
Name: Paul L. Meiring
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By:_____
Name: Paul L. Meiring
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By:_____
Name: Paul L. Meiring
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By:_____
Name: Paul L. Meiring
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

The Prudential Insurance Company of America

Pruco Life Insurance Company

Prudential Retirement Insurance and Annuity Company

Exhibit A

AMENDMENTS

1. The definition of "Unitholder's Equity" in paragraph 11B of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

> "**Unitholder's Equity**" shall mean Net Worth less, without duplication, all reserves for depreciation and other asset valuation reserves (but excluding reserves for federal, state, provincial and other income Taxes), net of accumulated depreciation.

KIT FINANCE INC.

AMENDMENT NO. 3 TO NOTE PURCHASE AND PRIVATE SHELF AGREEMENT

As of June 21, 2007

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **PRISZM INC.**, a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1 Note Issuance, etc.

The Company issued and sold (i) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and C$2,036,700 of its Shelf Notes (as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto), as amended by (x) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006 and (y) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 3 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5 hereof, the Existing Note Agreement is amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

4.2. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors and compliance by each of the Obligors with its obligations hereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.3. **No Defaults.**

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement, would constitute a Default or an Event of Default.

5. **EFFECTIVENESS OF AMENDMENTS.**

The Amendments shall become effective as of the first date written above (the "**Effective Date**") upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Prudential and the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) each Current Noteholder shall have received an amendment fee in the amount set forth opposite such Current Noteholders name on Annex 1 via wire transfer to the account listed on Annex 1 with respect to such Current Noteholder;

(c) the Current Noteholders shall have received a copy of an amendment to the Bank Credit Agreement in form and substance satisfactory to the Current Holders;

(d) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of the Current Noteholders' special counsel, in connection with this Amendment Agreement; and

(e) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel, and the Current Noteholders and their counsel shall have received copies of such other documents and papers as the Current Noteholders or their counsel may reasonably request in connection herewith.

6. **EXPENSES.**

Whether or not the Amendments become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the Effective Date, pay the fees and expenses of Bingham McCutchen LLP incurred through the Effective Date. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

7. MISCELLANEOUS.

7.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

7.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

7.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[Remainder of page intentionally left blank; next page is signature page.]

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: Peter Walkey
Title: Chief Financial Officer

PRISZM INC.

By: _____
Name: Peter Walkey
Title: Chief Financial Officer

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____
Name:
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____
Name:
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____
Name:
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By: _____
Name:
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS
AND
AMENDMENT FEE AMOUNTS

The Prudential Insurance Company of America Royal Bank of Canada, Toronto SWIFT Code: ROYCCAT2 Account Name: JP Morgan Chase Bank N.A., London CHASGB2L Account No.: 95912194132 FFC Beneficiary Acct. PGF-INC-CAD FFC Beneficiary Acct. No.: 25491211 IBAN Number: GB03CHAS60924225491211	US$170,301.43
Pruco Life Insurance Company Royal Bank of Canada, Toronto SWIFT Code: ROYCCAT2 Account Name: JP Morgan Chase Bank N.A., London CHASGB2L Account No.: 95912194132 FFC Beneficiary Acct. PGF-INC-CAD FFC Beneficiary Acct. No.: 25491211 IBAN Number: GB03CHAS60924225491211	US$24,152.96
Prudential Retirement Insurance and Annuity Company Royal Bank of Canada, Toronto SWIFT Code: ROYCCAT2 Account Name: JP Morgan Chase Bank N.A., London CHASGB2L Account No.: 95912194132 FFC Beneficiary Acct. PGF-INC-CAD FFC Beneficiary Acct. No.: 25491211 IBAN Number: GB03CHAS60924225491211	US$5,545.61

Exhibit A

AMENDMENTS

1. Paragraph 6D of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

> **"6D Limitations on Indebtedness.** The Obligors will not, and will not allow the other members of the Obligor Group to, directly or indirectly, create, incur, assume or permit to exist any Indebtedness, except:
>
> (i) Indebtedness created hereunder or under the other Transaction Documents;
>
> (ii) Indebtedness of any member of the Obligor Group owed to the Company, KIT Inc., KIT LP or a Wholly-Owned Subsidiary; and
>
> (iii) (x) Indebtedness incurred by any member of the Obligor Group (for so long as such Person is an Obligor or Subsidiary Guarantor) pursuant to the Bank Credit Documents and (y) Subordinated Debt incurred by KIT KP so long as such Indebtedness under clauses (x) and (y) does not at any time exceed C$40,000,000 (in the aggregate for all such Persons).
>
> At no time will any member of the Obligor Group enter into a Swap Agreement."

2. Paragraph 6F of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

> **"6F Limitation on Restricted Payments.** The Obligors will not, and will not allow the other members of the Obligor Group, to make or declare any Restricted Payments (other than any such payments to any other member of the Obligor Group); *provided* that members of the Obligor Group may make Restricted Payments to the Fund and the Trust to the extent of Distributable Cash so long as:
>
> (i) no Default or Event of Default exists before or as a result of any such Restricted Payment; and
>
> (ii) the Obligor Group (or any member thereof) shall have credit facilities aggregating at least C$10,000,000 in place and available for borrowing, on the date any such Restricted Payment is to be made which credit facilities do not terminate within 60 days of such date,

provided, that if any of such credit facilities (including the applicable Bank Credit Agreement) expire within such 60 day period, members of the Obligor Group may make such payment if any member of the Obligor Group has received an executed commitment letter in respect of replacement credit facilities for an aggregate amount at least equal to the amount of the revolving credit facilities that are expiring and that provides for a closing not later than the date such expiring credit facilities terminate."

3. Paragraph 6H(2) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(2)Senior Indebtedness to EBITDAR. The Obligors will not at any time, permit the ratio of (a) the sum of (i) Senior Indebtedness plus (ii) the amount equal to eight (8) times Operating Rentals for the four consecutive fiscal quarters most recently ended at such time to (b) EBITDAR for such period to be greater than the ratio set forth below for the applicable period:

Period	Ratio
On or before June 30, 2007	5.00 to 1.00
July 1, 2007 through and including December 31, 2008	4.75 to 1.00
January 1, 2009 through and including December 31, 2009	4.50 to 1.00
January 1, 2010 and at all times thereafter	4.25 to 1.00"

4. Paragraph 6H(3) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(3)Minimum Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the four consecutive fiscal quarters most recently ended at such time, minus (i) acquisition expenditures of KIT LP and its Subsidiaries and (ii) Restricted Payments permitted by paragraph 6F, in each case for such fiscal quarters, to be less than the following amounts for each of the following quarters:

Fiscal Quarter Ending Dates	Amount
June 30, 2007	(C$10,000,000)
September 30, 2007	(C$7,500,000)
December 31, 2007	(C$2,000,000)
March 31, 2008	C$0
June 30, 2008	C$2,500,000
September 30, 2008	C$12,500,000
December 31, 2008	C$7,000,000
March 31, 2009	C$7,500,000

June 30, 2009	C$9,500,000
September 30, 2009	C$13,500,000
December 31, 2009	C$16,500,000
March 31, 2010	C$17,000,000
June 30, 2010	C$18,000,000
September 30, 2010	C$22,000,000
December 31, 2010 and the last day of each fiscal quarter thereafter	C$24,000,000"

5. Paragraph 6H(4) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(4)Two-Quarter Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the two consecutive fiscal quarters most recently ended at such time to be less than the following amounts for each of the following quarters.

Fiscal Quarter Ending Dates	**Amount**
June 30, 2007	C$6,500,000
September 30, 2007	C$14,000,000
December 31, 2007	C$24,500,000
March 31, 2008	C$18,000,000
June 30, 2008	C$11,500,000
September 30, 2008	C$25,500,000
December 31, 2008	C$27,000,000
March 31, 2009	C$14,000,000
June 30, 2009	C$14,000,000
September 30, 2009	C$31,000,000
December 31, 2009	C$34,000,000
March 31, 2010	C$19,000,000
June 30, 2010	C$18,000,000
September 30, 2010	C$37,000,000
December 31, 2010 and the last day of each fiscal quarter thereafter	C$43,000,000"

6. Paragraph 6H(5) of the Existing Note Agreement shall be deleted in its entirety and substituted with the following:

"6H(5) [Reserved]."

7. Paragraph 6H(6) of the Existing Note Agreement shall be amended and restated in its entirety as follows:

"**Leverage Ratio.** The Obligors will not at any time, permit the ratio of Senior Indebtedness at such time to EBITDA for the four consecutive fiscal quarters most recently ended at such time to be greater than 2.50 to 1.00."

8. Paragraph 6H(7) of the Existing Note Agreement shall be amended and restated in its entirety as follows:

"**6H(7) Minimum Unitholders' Equity.** The Obligors will not, at any time, permit Unitholders' Equity to be less than the applicable amount set forth below:

Period	**Amount**
On or June 30, 2007	C$180,000,000
July 1, 2007 through and including December 31, 2007	C$200,000,000
January 1, 2008 and at all times thereafter	C$190,000,000"

9. Paragraph 6H of the Existing Note Agreement is amended by adding the following new paragraphs 6H(8) and 6H(9) immediately following the existing paragraph 6H(7):

"**6H(8) Capital Expenditures.** The Obligors will not permit the aggregate amount of payments made for Capital Expenditures of the Company, KIT LP and its Subsidiaries on a combined basis to exceed the amounts set forth opposite the periods below:

Period	Amount
For the period July1, 2007 through December 31, 2007, inclusive	C$14,000,000
For the Fiscal Year ending December 31, 2008	C$28,000,000
For the Fiscal Year ending December 31, 2009	C$27,000,000
For the Fiscal Year ending December 31, 2010	C$31,000,000
For each Fiscal Year thereafter	C$31,000,000

6H(9) Change in Working Capital. The Obligors will not permit the aggregate Change in Working Capital for any fiscal quarter below to be greater than or less than the range set forth opposite such fiscal quarter:

Fiscal Quarter	Range
For the Fiscal Quarter ending June 30, 2007	(C$9,000,000) to C$2,000,000
For the Fiscal Quarter ending September 30, 2007	(C$2,500,000) to C$2,000,000
For the Fiscal Quarter ending December 31, 2007	C$1,500,000 to C$5,000,000"

10. Paragraph 7A of the Existing Note Agreement shall be amended to (i) add the word "or" at the end of clause (xvi) and (ii) add a new clause (xvii) immediately after the existing clause (xvi) to read as follows:

"(xvii) the Fund shall fail to (x) raise at least C$25,000,000 from an issuance of convertible notes on or before July 15, 2007 and (y) loan (directly or through a Subsidiary) the proceeds of such issuance to KIT LP as Subordinated Debt contemporaneously with the receipt of such proceeds (nothing in this clause (xvii) shall relieve the obligation of the Obligors to comply with paragraph 6D);"

11. The definitions of "Distributable Cash", "Fund", "Interest Expense", "KIT Inc.", "KIT LP", "Subordinated Debt" and "Unitholder's Equity" in paragraph 11B of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**Distributable Cash**" shall mean, for any period, Operational Cash Flow for such period plus the amount of interest payments on Subordinated Debt paid during such period plus, if applicable, (a) in the case of the four quarter period ending June 30, 2007, C$10,000,000, (b) in the case of the four quarter period ending September 30, 2007, C$7,500,000 and (c) in the case of the four quarter period ending December 31, 2007, C$2,000,000.

""**Fund**" shall mean Priszm Income Fund formerly known as Priszm Canadian Income Fund."

""**Interest Expense**" shall mean as of the date of determination thereof the sum of any interest and prepayment charges, if any, including without limitation, interest due on Subordinated Debt and all net amounts payable under interest rate protection agreements and all imputed interest in respect of Capitalized Lease Obligations paid or payable by the Company, KIT LP and its Subsidiaries during such period consolidated or combined in accordance with GAAP."

""**KIT Inc.**" shall mean Priszm Inc., a Canadian corporation (together with its successors and assigns) and formerly known as KIT Inc.."

""**KIT LP**" shall mean Priszm Limited Partnership, a limited partnership formed under the laws of Manitoba (together with its successors and assigns) and formerly known as KIT Limited Partnership."

""**Subordinated Debt**" shall mean any Indebtedness that is contractually subordinated in right of payment or security in respect of the Notes pursuant to terms acceptable to the holders of Notes."

""**Unitholders' Equity**" shall mean, at any time Net Worth at such time less, without duplication, all reserves for depreciation and other asset valuation reserves (but excluding reserves for federal, state, provincial and other income Taxes), net of accumulated depreciation plus, without duplication Subordinated Debt and non cash deferred tax charges."

12. Paragraph 11B of the Existing Note Agreement is amended to add the following definitions in their appropriate alphabetical order:

""**Operational Cash Flow** means, at any time, "cash provided by operations" of the KIT LP and its Subsidiaries determined on a consolidated basis at such time prior to any adjustment for "changes in non-cash working capital" as reported on the financial statements of such Persons prepared on a basis consistent with past practices and the financial statements and models delivered to the holders of Notes prior to June, 1 2007."

""**Change in Working Capital**" means, at any time, "change in non-cash working capital" of KIT LP and its Subsidiaries determined on a consolidated basis at such time as reported on the financial statements of such Persons prepared on a basis consistent with past practices and the financial statements and models delivered to the holders of Notes prior to June, 1 2007."

""**Senior Indebtedness**" shall mean at any time, the total combined Indebtedness of the Company, KIT LP and its Subsidiaries at such time other than Subordinated Debt outstanding at such time."

13. Paragraph 11B of the Existing Note Agreement is amended by deleting the definition of Total Indebtedness from such paragraph.

14. Any references to "Unitholder's Equity" in the Existing Note Agreement shall refer to "Unitholders' Equity"

EXECUTION VERSION

KIT FINANCE INC.

AMENDMENT NO. 4 TO NOTE PURCHASE AND PRIVATE SHELF AGREEMENT

As of February 29, 2008

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **PRISZM INC.**, a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as in effect prior to the Amendments (as hereinafter defined), the "**Existing Series A Notes**" and as may be further amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (b) C$2,036,700 of its Shelf Notes (as in effect prior to the Amendments (as hereinafter defined), the "**Existing Shelf Notes**" and as may be further amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto), as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, and (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 4 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT AND EXISTING NOTES.

3.1. Amendments to Existing Note Agreement.

Subject to Section 5 hereof, the Existing Note Agreement is amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Note Agreement Amendments**").

3.2. Amendments to Existing Notes.

Subject to Section 5 hereof, (a) each of the Existing Series A Notes outstanding on the Effective Date are hereby, without any further action required on the part of any other Person, deemed to be automatically amended to conform to and have the terms provided in Exhibit A-1 attached hereto (except that the principal amount and the payee of each such Note shall remain unchanged) and (b) each of the Existing Shelf Notes outstanding on the Effective Date are hereby, without any further action required on the part of any other Person, deemed to be automatically amended to conform to and have the terms provided in Exhibit A-2 attached hereto (except that the principal amount and the payee of each such Note shall remain unchanged) (the foregoing amendments, the "**Note Amendments**" and together with the Note Agreement Amendments, the "**Amendments**"). Any Series A Note issued on or after the Effective Date shall be in the form of Exhibit A-1 attached hereto and any Shelf Note issued on or after the Effective Date shall be in the form of Exhibit A-2 attached hereto.

4. EXCHANGE OF EXISTING NOTES.

On or before the Effective Date, the Company will deliver to the Current Noteholders' special counsel, Bingham McCutchen LLP at One State Street, Hartford, CT 06103, new Notes (each such new Note an "**Amended Note**" and collectively, the "**Amended Notes**"), in the denominations and series specified opposite such holder's name on Annex 1 hereto, dated as of date of the most recent interest payment in respect thereof, and payable to such Current Noteholder, against delivery by such Current Noteholders of the Existing Series A Notes and Existing Shelf Notes identified as held by such Current Noteholder on Annex 1 hereto on or before the Effective Date to Bingham McCutchen LLP at One State Street, Hartford, CT 06103. On the Effective Date, Bingham McCutchen LLP will forward each of the Amended Notes to the Current Noteholders as directed in Annex 1 hereto and will cancel each of the Existing Series A Notes and Existing Shelf Notes and return the cancelled Existing Series A Notes and Existing Shelf Notes to the Company. All amounts owing under, and evidenced by, the Existing Series A Notes and Existing Shelf Notes as of the Effective Date shall continue to be outstanding under, and shall after the Effective Date be evidenced by, the applicable Amended Notes, and shall be repayable in accordance with the Note Agreement and the Amended Notes and shall be "Notes" for all purposes under the Note Agreement. Each of the Amended Notes will be dated the date of original issuance thereof. The Company acknowledges and agrees that upon execution and delivery of the Amended Notes it will owe and be obligated to pay additional interest for the period commencing on December 31, 2007 through the February 2008 interest payment date of such Amended Note. The Company hereby agrees to pay such additional amount on or before the interest payment date in March 2008 for such Amended Note. The Noteholders waive any Event of Default arising in respect of such payment so long as it is paid as set forth in the

immediately preceding sentence. The failure to pay such additional interest as provided herein shall be an Event of Default for all purposes under the Note Agreement.

5. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, each of the Obligors represents and warrants as follows:

5.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

5.2. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors, and of the Amended Notes by the Company, and compliance by each of the Obligors with its obligations hereunder, and by the Company under the Amended Notes: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies. The Amended Notes have been duly authorized by all necessary action on the part of the Company, have been executed and delivered by a duly authorized officer of the Company, and constitute a legal, valid and binding obligation of the Company, enforceable in accordance with their terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

5.3. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement and the Amended Notes, would constitute a Default or an Event of Default.

6. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective as of the first date written above (the "**Effective Date**") upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Prudential and the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) receipt by the Current Noteholders of an opinion in form and substance reasonably satisfactory to such Current Noteholders;

(c) the Current Noteholders shall have received a copy of an amendment to the Bank Credit Agreement in form and substance satisfactory to the Current Noteholders;

(d) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of the Current Noteholders' special counsel, in connection with this Amendment Agreement;

(e) each of Priszm Inc., Kit LP and each guarantor shall have executed and delivered to the Current Noteholders the Consent and Reaffirmation in respect of its obligations under its guarantee agreement or Security Documents, as applicable, substantially in the form attached hereto as Exhibit B; and

(f) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel, and the Current Noteholders and their counsel shall have received copies of such other documents and papers as the Current Noteholders or their counsel may reasonably request in connection herewith.

7. EXPENSES.

Whether or not the Amendments become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the Effective Date, pay the fees and expenses of Bingham McCutchen LLP incurred through the Effective Date. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

8. REAFFIRMATION.

Each of the Company and Priszm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Financing Document to which it is a party, and in the case of Priszm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall

continue to remain in full force and effect, and (iii) acknowledges and agrees that such Security Documents and Financing Documents, and in the case of Priszm Inc., the Kit Inc. Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Amended Notes pursuant to the terms thereof.

9. MISCELLANEOUS.

9.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

9.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

9.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[Remainder of page intentionally left blank; next page is signature page.]

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name:
Title:

PRISZM INC.

By: _____
Name:
Title:

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____
Name: ENGIN OKAYA
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____
Name: ENGIN OKAYA
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____
Name: ENGIN OKAYA
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By: _____
Name: ENGIN OKAYA
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

	Existing Series A Notes	Existing Shelf Notes
The Prudential Insurance Company of America	RA-1; C$62,533,650	R-1; C$2,036,700
Pruco Life Insurance Company	RA-2; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 3; C$1,921,425	N/A

	Amended Series A Notes	Amended Shelf Notes
The Prudential Insurance Company of America	RA-4; C$62,533,650	R-2; C$2,036,700
Pruco Life Insurance Company	RA-5; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 6; C$1,921,425	N/A

Exhibit A

AMENDMENTS

1. The Existing Note Agreement is amended by replacing any reference to "6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011" in the Existing Note Agreement or in any Exhibit thereto with "Series A Senior Secured Guaranteed Notes due January 13, 2011".

2. Paragraph 4B of the Existing Note Agreement shall be amended to add the following new sentence at the end thereof:

"Notwithstanding the foregoing, the Company may at any time prepay the principal amount of the Notes equal to the aggregate Capitalized Interest Amounts (as defined in the Notes) in accordance with the provisions hereof but without the payment of the Yield-Maintenance Amount in respect of such principal amount."

3. Paragraph 6D of the Existing Note Agreement shall be amended by (i) deleting the word "and" at the end of subparagraph (ii) thereof, (ii) re-number existing subparagraph (iii) there of as (iv) and (iii) adding the following as new subparagraph (iii):

"(iii) Asset Disposition Guarantees so long as the aggregate amount Guaranteed under this subparagraph (iii) does not at any time exceed C$5,000,000; and"

4. Paragraph 6F of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6F Limitation on Restricted Payments.** The Obligors will not, and will not allow the other members of the Obligor Group, to make or declare any Restricted Payments (other than any such payments to any other member of the Obligor Group); *provided* that

(a) members of the Obligor Group may make Restricted Payments to the Fund and the Trust on a monthly basis so long as the aggregate Restricted Payments in any fiscal quarter do not exceed Distributable Cash for such fiscal quarter and further so long as:

(i) no Default or Event of Default exists before or as a result of any such Restricted Payment; and

(ii) if such payment is made on or after November 12, 2006, the Obligor Group (or any member thereof) shall have credit facilities aggregating at least C$10,000,000 in place and available for borrowing on the date any such Restricted Payment is to be made which credit facilities do not terminate within 60 days of such date, *provided*, that if any of such credit facilities (including the applicable Bank Credit Agreement) expire

within such 60 day period, members of the Obligor Group may make such payment if any member of the Obligor Group has received an executed commitment letter in respect of replacement revolving credit facilities for an aggregate amount at least equal to the amount of the revolving credit facilities that are expiring and that provides for a closing not later than the date such expiring credit facilities terminate; and

(b) members of the Obligor Group may make Restricted Payments in respect of the Subordinated Voting Shares (such Restricted Payments "**Subordinated Voting Share Payments**") so long as (i) no Default or Event of Default exists at the time of any such Restricted Payment, (ii) such Restricted Payment is made after January 1, 2009 from the Net Cash Proceeds of an asset disposition permitted by paragraph 6G(iv), (iii) the aggregate amount of all such Restricted Payments under this subparagraph (b) does not exceed C$2,500,000 and (iv) after giving effect to such Subordinated Voting Share Payment, Total Asset Sales Payments at such time do not exceed the Available Asset Proceeds Amount at such time;

provided that in no event may the maximum aggregate Restricted Payments made during the first quarter of Fiscal Year 2008 exceed C$5,345,000."

5. Paragraph 6G of the Existing Note Agreement shall be amended by amending and restating clause (iv) thereof in its entirety to read as follows:

"(iv) any member of the Obligor Group may Transfer its assets involved in the sale of the one hundred twenty-eight (128) store locations of the Obligor Group, described on Schedule 1 attached hereto, and up to an additional twenty-five (25) store locations of the Obligor Group not on such schedule; provided that, in the case of this sub-paragraph (iv) (A) the total number of store locations so transferred does not exceed one hundred thirty (130), (B) each of such store locations is sold for the fair market value thereof (as determined by the board of directors of KIT Inc. in good faith) and (C) the consideration therefor is paid in cash (or pursuant to a seller note or other deferred payment so long as the aggregate amount of consideration in the form of seller notes or deferred payments shall not at any time exceed 20% of the aggregate consideration received by the Obligor Group for all such store locations sold);"

6. Paragraph 6H of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6H(1) Total Fixed Charge Coverage Ratio.** KIT Inc. will not permit for any period of four consecutive fiscal quarters of KIT LP, the ratio of (a) the difference of (i) EBITDAR for such period minus (ii) Capital Expenditures of KIT LP and its Subsidiaries for such period to (b) the sum of (i) Interest Expense for such period plus (ii) required principal payments of Indebtedness made or required to be made by KIT LP or its Subsidiaries on a consolidated basis during such period plus (iii) Operating Rentals for such period to be less than the ratio set forth below for the applicable period:

Period	Ratio
October 1, 2007 through and including December	1.00 to 1.00

31, 2007	
January 1, 2008 through and including March 31, 2008	0.75 to 1.00
April 1, 2008 through and including September 30, 2008	1.00 to 1.00
October 1, 2008 and at all times thereafter	1.25 to 1.00

6H(2) Senior Indebtedness to EBITDAR. The Obligors will not at any time, permit the ratio of (a) the sum of (i) Senior Indebtedness plus (ii) the amount equal to eight (8) times Operating Rentals for the four consecutive fiscal quarters most recently ended at such time to (b) EBITDAR for such period to be greater than the ratio set forth below for the applicable period:

Period	**Ratio**
October 1, 2007 through and including December 31, 2007	5.90 to 1.00
January 1, 2008 through and including March 31, 2008	5.97 to 1.00
April 1, 2008 through and including June 30, 2008	5.60 to 1.00
July 1, 2008 through and including September 30, 2008	5.25 to 1.00
October 1, 2008 through and including December 31, 2008	4.75 to 1.00
January 1, 2009 through and including December 31, 2009	4.50 to 1.00
January 1, 2010 and at all times thereafter	4.25 to 1.00

6H(3) Minimum Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the four consecutive fiscal quarters most recently ended at such time, minus (i) acquisition expenditures of KIT LP and its Subsidiaries and (ii) Restricted Payments permitted by paragraph 6F (excluding therefrom up to C$2,500,000 paid in respect of the Subordinated Voting Shares to the extent such amount is paid during Fiscal Year 2009), in each case for such fiscal quarters, to be less than the following amounts for each of the following quarters:

Fiscal Quarter Ending Dates	**Amount**
December 31, 2007	(C$13,000,000)
March 31, 2008	(C$9,200,000)
June 30, 2008	(C$1,000,000)
September 30, 2008	(C$500,000)
December 31, 2008	C$6,000,000
March 31, 2009 and the last day of each fiscal quarter thereafter through and including December 31, 2009	C$5,500,000

March 31, 2010 and the last day of each fiscal quarter thereafter	C$8,000,000

6H(4) Two-Quarter Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the two consecutive fiscal quarters most recently ended at such time to be less than the following amounts for each of the following quarters.

Fiscal Quarter Ending Dates	Amount
December 31, 2007	C$10,500,000
March 31, 2008	(C$875,000)
June 30, 2008	C$9,225,000
September 30, 2008	C$22,000,000
December 31, 2008	C$21,000,000
March 31, 2009	C$11,000,000
June 30, 2009	C$12,000,000
September 30, 2009	C$22,000,000
December 31, 2009	C$21,000,000
March 31, 2010	C$15,000,000
June 30, 2010	C$16,500,000
September 30, 2010	C$23,500,000
December 31, 2010 and the last day of each fiscal quarter thereafter	C$22,500,000

6H(5) [Reserved].

6H(6) Leverage Ratio. The Obligors will not at any time, permit the ratio of Senior Indebtedness at such time to EBITDA for the four consecutive fiscal quarters most recently ended at such time to be greater than the applicable amount set forth below:

Period	Ratio
October 1, 2007 through and including December 31, 2007	3.25 to 1.00
January 1, 2008 through and including March 31, 2008	3.33 to 1.00
April 1, 2008 through and including June 30, 2008	3.00 to 1.00
July 1, 2008 through and including September 30, 2008	2.50 to 1.00
October 1, 2008 and all time thereafter	2.00 to 1.00

6H(7) Minimum Unitholders' Equity. The Obligors will not, at any time, permit Unitholders' Equity to be less than the applicable amount set forth below:

Period	Amount
October 1, 2007 through and including December	C$190,000,000

Period	Amount
31, 2007	
January 1, 2008 through and including September 30, 2008	C$187,000,000
October 1, 2008 through and including December 31, 2008	C$185,000,000
January 1, 2009 through and including December 31, 2009	C$180,000,000
January 1, 2010 and at all times thereafter	C$175,000,000

6H(8) Capital Expenditures. The Obligors will not permit the aggregate amount of payments made for Capital Expenditures of the Company, KIT LP and its Subsidiaries on a combined basis to exceed the amounts set forth opposite the periods below:

Period	Amount
For the period July 1, 2007 through December 31, 2007, inclusive	C$9,500,000
For the Fiscal Year ending December 31, 2008	C$10,000,000
For the Fiscal Year ending December 31, 2009	C$12,000,000
For the Fiscal Year ending December 31, 2010 and each Fiscal Year thereafter	C$16,500,000;

provided that the amounts set forth above may be increased by the Available Asset Proceeds Amount at such time."

7. Paragraph 11B of the Existing Note Agreement is hereby amended by amending and restating the definitions of "Distributable Cash", "Default Rate", "Operational Cash Flow", "Restricted Payments" and "Unitholder's Equity" therein to read as follows:

"**Distributable Cash** shall mean, for any period, the amount equal to the sum of (a) (i) Operational Cash Flow for such period plus (ii) the amount of interest payments on Subordinated Debt paid during such period minus (iii) the Capital Expenditures Amount for such period, plus (b) in the case of the four quarter period ending December 31, 2007, C$27,500,000, plus (c) in respect of any fiscal quarter ending during fiscal year 2008, the Additional Basket Amount for such fiscal quarter (which amount may be a negative number reducing the available Distributable Cash), plus (d) in the case of any fiscal quarter ending after December 31, 2008, the amount equal to (x) the difference of (A) the Asset Proceeds Amount at such time minus (B) Additional Capital Expenditures at the

end of such period *minus* (y) the difference of (A) the aggregate amount of Restricted Payments made pursuant to paragraph 6F(a) since January 1, 2008 through such date *minus* (B) the aggregate sum of (a), (b) and (c) above for the period January 1. 2008 through such date (provided that the aggregate amount that may be added pursuant to this clause (d) for all periods may not exceed the amount equal to C$15,000,000 minus the aggregate amount of Subordinated Voting Share Payments at such time)."

"**Default Rate** shall mean the lesser of (i) the maximum rate permitted by law and (ii) the greater of (a) 2% over the non-default rate then in effect on the Notes and (b) 2% over the Prime Rate of JPMorgan Chase Bank."

"**Operational Cash Flow** means, at any time, "cash provided by operations" of KIT LP and its Subsidiaries determined on a consolidated basis at such time prior to any adjustment for "changes in non-cash working capital" but excluding therefrom any amounts in respect of "non-cash extraordinary gains", in each case, as reported on the financial statements of such Persons prepared on a basis consistent with past practices and the financial statements and models delivered to the holders of Notes prior to June, 1 2007."

"**Restricted Payment**" shall mean (i) the declaration or payment of any dividend on, or the incurrence of any liability to make any other payment or distribution in respect of Capital Stock, (ii) any distribution on account of the purchase, redemption or other retirement of any such Capital Stock, (iii) payments on Subordinated Debt or (iii) payments in respect of an Asset Disposition Guarantee.

"**Unitholder's Equity** shall mean Net Worth less, without duplication, all reserves for depreciation and other asset valuation reserves (but excluding reserves for federal, state, provincial and other income Taxes), net of accumulated depreciation plus, without duplication, Subordinated Debt, non cash deferred tax charges and up to C$60,000,000 of non-cash charges associated with write-downs of goodwill and intangibles during the period January 1, 2007 through and including December 31, 2008.

8. Paragraph 11B of the Existing Note Agreement is amended to add the following definitions in their appropriate alphabetical order:

"**Additional Basket Amount** means, at the time of any Restricted Payment, the lesser of (a) (x) if on or before March 31, 2008, C$8,000,000, and (y) thereafter, C$7,000,000 and (b) the amount equal to the difference of (i) (x) if on or before March 31, 2008, C$8,000,000, and (y) thereafter, C$7,000,000 minus (ii) the amount equal to the difference of (x) the aggregate amount of Restricted Payments made after December 31, 2007, including the amount of any Restricted Payment being made at such time minus (y) Operational Cash Flow for the period commencing on January 1, 2008 and ending on the last day of the most recently ended fiscal quarter."

"**Additional Capital Expenditures**" means, at any date of determination, the aggregate amount of Capital Expenditures made by the Obligor Group through operation

of the proviso at the end of paragraph 6H(8) from the period commencing January 1, 2008 through such date of determination.

"**Asset Disposition Guarantees**" means Guarantees by an Obligor of the Indebtedness of the buyer of an Obligor's store locations sold pursuant to and in accordance with paragraph 6G(iv) in favor of the lender financing such buyer's acquisition of such store locations.

"**Asset Proceeds Amount** means, at any date, the aggregate amount of the Net Cash Proceeds received by any member of the Obligor Group during the period commencing January 1, 2008 through and including such date, in connection with a sale of store locations permitted pursuant to paragraph 6G(iv) *less* the aggregate amount of any Asset Disposition Guarantees outstanding at such time."

"**Available Asset Proceeds Amount** means, at any date, the amount (but not less than $0) equal to (a) the aggregate Asset Proceeds Amount at such time, *plus* (b) Distributable Cash (without regard to the parenthetical of clause (d) of such definition) for the period commencing January 1, 2008 through such date *minus* (c) Total Asset Sales Payments at such time."

"**Capital Expenditure Amount** means, with respect to any period, the amount of Capital Expenditures permitted for the then current year as provided in paragraph 6H(8) (assuming that such expenditures are made in four (4) quarterly installments and excluding any amounts permitted by the proviso to paragraph 6H(8))."

"**Net Cash Proceeds** means, in connection with any asset sale, by any Obligor Group member or any of its Subsidiaries, the excess, if any, of (a) the sum of cash and cash equivalents received in connection with such transaction (provided that any amounts in respect of any seller note or deferred payment shall be deemed to be received and counted when the applicable Obligor receives cash in respect of such seller note or deferred payment) minus (b) the sum of (i) the principal amount of any Indebtedness that is secured by the applicable asset and that is required to be repaid in connection with such transaction (other than Indebtedness under the Transaction Documents), (ii) the reasonable and customary out-of-pocket fees and expenses incurred by such Obligor Group member or such Subsidiary in connection with such transaction and (iii) income taxes or capital gains taxes payable as a result of any gain recognized in connection therewith."

"**Subordinated Voting Share Payments** shall have the meaning specified in paragraph 6F."

"**Subordinated Voting Shares** means the "Subordinated LP Units" as defined in the amended and restated limited membership agreement of Kit LP dated November 10, 2003."

"**Total Asset Sales Payments**" shall mean, at any time of determination, the sum of (x) the aggregate amount of Restricted Payments (including, without limitation, all Subordinated Voting Share Payments) for the period commencing January 1, 2008

through such date of determination plus (y) all Additional Capital Expenditures at such time.

9. The Existing Note Agreement is amended by deleting the current Exhibit A-1, Exhibit A-2(i) and Exhibit A-2(ii) thereto and replacing each of such Exhibits with Exhibit A-1, Exhibit A-2(i) and Exhibit A-2(ii) attached to this Amendment Agreement.

10. The Existing Note Agreement is amended by deleting the current Schedule 1 thereto and replacing it with Schedule 1 attached to this Amendment Agreement.

Execution Version

KIT FINANCE INC.

AMENDMENT NO. 5 TO NOTE PURCHASE AND

PRIVATE SHELF AGREEMENT

As of September 7, 2008

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **PRISZM INC.**, a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively; the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (b) C$2,036,700 of its Shelf Notes (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto), as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, and (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 5 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5 hereof, the Existing Note Agreement is amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Note Agreement Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

4.2. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors and compliance by each of the Obligors with its obligations hereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.3. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement would constitute a Default or an Event of Default.

5. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective as of the first date written above (the "**Effective Date**") upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Prudential and the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of the Current Noteholders' special counsel, in connection with this Amendment Agreement;

(c) each of Priszm Inc., Kit LP and each guarantor shall have executed and delivered to the Current Noteholders the Consent and Reaffirmation in respect of its obligations under its guarantee agreement or Security Documents, as applicable, substantially in the form attached hereto as Exhibit B; and

(d) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel, and the Current Noteholders and their counsel shall have received copies of such other documents and papers as the Current Noteholders or their counsel may reasonably request in connection herewith.

6. **COVENANTS.**

The Obligors hereby covenant and agree to deliver to Prudential and the Current Noteholders on or before November 15. 2008:

(a) a copy of an amendment to the Bank Credit Agreement amending the covenants in the Bank Credit Agreement on substantially the same basis as the covenants in the Note Agreement are amended hereby and which amendment is otherwise in form and substance satisfactory to the Current Noteholders; and

(b) a schedule of all real Property owned or leased by any member of the Obligor Group, which schedule identifies each such property by store number, address (including city and province), indicates whether it has been acquired or leased since the Closing Date and names the landlord or owner thereof (and whether any such landlord is a Principal Landlord).

Each Obligor agrees that a default by the Obligors in their obligations under this Section 6 shall be an Event of Default under the Note Agreement.

7. **EXPENSES.**

Whether or not the Amendments become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the date of execution and delivery hereof, pay the fees and expenses of Bingham McCutchen LLP

incurred through the date of execution and delivery hereof. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

8. REAFFIRMATION.

Each of the Company and Priszm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Financing Document to which it is a party, and in the case of Priszm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall continue to remain in full force and effect, and (ii) acknowledges and agrees that such Security Documents and Financing Documents, and in the case of Priszm Inc., the Kit Inc. Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Notes pursuant to the terms thereof.

9. MISCELLANEOUS.

9.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

9.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

9.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: Jeff O'Neill
Title: OFFICER

PRISZM INC.

By: _____
Name: STEVEN BOYACK
Title: CFO

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____
Name:
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____
Name:
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____
Name:
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By: _____
Name:
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

	Existing Series A Notes	Existing Shelf Notes
The Prudential Insurance Company of America	RA-1; C$62,533,650	R-1; C$2,036,700
Pruco Life Insurance Company	RA-2; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 3; C$1,921,425	N/A

	Amended Series A Notes	Amended Shelf Notes
The Prudential Insurance Company of America	RA-4; C$62,533,650	R-2; C$2,036,700
Pruco Life Insurance Company	RA-5; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 6; C$1,921,425	N/A

Exhibit A

AMENDMENTS

1. Paragraph 6F of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6F Limitation on Restricted Payments.** The Obligors will not, and will not allow the other members of the Obligor Group, to make or declare any Restricted Payments (other than any such payments to any other member of the Obligor Group); *provided* that members of the Obligor Group may make or declare Restricted Payments to the Fund and the Trust on a monthly basis so long as at the time of payment, and in the case of a declaration, the Company reasonably believes that at the time of payment of the amount so declared, the aggregate Restricted Payments in any fiscal quarter do not and will not exceed Distributable Cash for such fiscal quarter and further so long as:

(i) no Default or Event of Default exists at the time of payment or declaration, as the case may be, or would result after giving pro forma effect to such Restricted Payment at the time of such payment or, in the case of a declaration, the Company reasonably believes that no Default or Event of Default will exist at the time of payment of the amount so declared; and

(ii) if such payment is made on or after November 12, 2006, the Obligor Group (or any member thereof) shall have credit facilities aggregating at least C$10,000,000 in place and available for borrowing on the date any such Restricted Payment is to be made which credit facilities do not terminate within 60 days of such date, *provided*, that if any of such credit facilities (including the applicable Bank Credit Agreement) expire within such 60 day period, members of the Obligor Group may make such payment if any member of the Obligor Group has received an executed commitment letter in respect of replacement revolving credit facilities for an aggregate amount at least equal to the amount of the revolving credit facilities that are expiring and that provides for a closing not later than the date such expiring credit facilities terminate."

2. Paragraph 6H of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6H(1) Total Fixed Charge Coverage Ratio.** KIT Inc. will not permit for any period of four consecutive fiscal quarters of KIT LP, the ratio of (a) the difference of (i) EBITDAR for such period minus (ii) Capital Expenditures of KIT LP and its Subsidiaries for such period to (b) the sum of (i) Interest Expense for such period plus (ii) required principal payments of Indebtedness made or required to be made by KIT LP or its

Subsidiaries on a consolidated basis during such period plus (iii) Operating Rentals for such period to be less than the ratio set forth below for the applicable period:

Period	Ratio
April 1, 2008 through and including September 30, 2008	1.00 to 1.00
October 1, 2008 and at all times thereafter	1.25 to 1.00

6H(2) Senior Indebtedness to EBITDAR. The Obligors will not at any time, permit the ratio of (a) the sum of (i) Senior Indebtedness plus (ii) the amount equal to eight (8) times Operating Rentals for the four consecutive fiscal quarters most recently ended at such time to (b) EBITDAR for such period to be greater than the ratio set forth below for the applicable period:

Period	Ratio
July 1, 2008 through and including September 30, 2008	5.75 to 1.00
October 1, 2008 through and including December 31, 2008	5.00 to 1.00
January 1, 2009 and at all times thereafter	4.75 to 1.00

6H(3) Minimum Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the four consecutive fiscal quarters most recently ended at such time, minus (i) acquisition expenditures of KIT LP and its Subsidiaries during such period, and minus (ii) Restricted Payments permitted by paragraph 6F to the extent made during such period, to be less than the following amounts for each of the following quarters:

Fiscal Quarter Ending Dates	Amount
September 30, 2008	(C$4,500,000)
December 31, 2008	C$4,700,000
March 31, 2009	C$9,500,000
June 30, 2009	C$9,000,000
September 30, 2009 and the last day of each fiscal quarter thereafter through and including June 30, 2010	C$11,000,000
September 30, 2010	C$11,500,000
December 31, 2010 and the last day of each fiscal quarter thereafter	C$12,000,000

6H(4) Two-Quarter Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the two consecutive fiscal quarters most recently ended at such time to be less than the following amounts for each of the following quarters.

Fiscal Quarter Ending Dates	Amount
September 30, 2008	C$18,000,000
December 31, 2008	C$17,000,000
March 31, 2009	C$10,000,000
June 30, 2009	C$8,000,000
September 30, 2009	C$14,000,000
December 31, 2009	C$15,000,000
March 31, 2010	C$9,500,000
June 30, 2010	C$8,000,000
September 30, 2010	C$14,000,000
December 31, 2010 and the last day of each fiscal quarter thereafter	C$15,000,000

6H(5) [Reserved].

6H(6) Leverage Ratio. The Obligors will not at any time, permit the ratio of Senior Indebtedness at such time to EBITDA for the four consecutive fiscal quarters most recently ended at such time to be greater than the applicable amount at such time set forth below:

Period	Ratio
July 1, 2008 through and including September 30, 2008	3.00 to 1.00
October 1, 2008 and at all times thereafter	2.50 to 1.00

6H(7) Minimum Unitholders' Equity. The Obligors will not, at any time, permit Unitholders' Equity to be less than the applicable amount set forth below:

Period	Amount
January 1, 2008 through and including September 30, 2008	C$187,000,000
October 1, 2008 and at all times thereafter	C$185,000,000

6H(8) Capital Expenditures. The Obligors will not permit the aggregate amount of payments made for Capital Expenditures of the Company, KIT LP and its Subsidiaries on a combined basis to exceed the amounts set forth opposite the periods below:

Period	Amount
For the Fiscal Year ending December 31, 2008	C$10,000,000
For the Fiscal Year ending December 31, 2009	C$12,000,000

For the Fiscal Year ending December 31, 2010 and each Fiscal Year thereafter	C$16,500,000;

provided that the amounts set forth above may be increased by the Available Asset Proceeds Amount at such time."

3. Paragraph 11B of the Existing Note Agreement is hereby amended by amending and restating the definitions of "Additional Basket Amount" and "Distributable Cash" therein to read as follows:

""**Additional Basket Amount**" means, at the time of any Restricted Payment, the lesser of (a) (x) if on or before December 31, 2008, C$7,000,000, (y) if on March 31, 2009, C$8,000,000, and (z) thereafter, C$8,500,000 and (b) the amount equal to the difference of (i) (x) if on or before December 31, 2008, C$7,000,000, (y) if on March 31, 2009, C$8,000,000,and (z) thereafter, C$8,500,000, minus (ii) the amount equal to the difference of (x) the aggregate amount of Restricted Payments made after December 31, 2007, including the amount of any Restricted Payment being made at such time, minus (y) Operational Cash Flow for the period commencing on January 1, 2008 and ending on the last day of the most recently ended fiscal quarter."

""**Distributable Cash**" shall mean, for any period, the amount equal to the sum of (a) (i) Operational Cash Flow for such period, plus (ii) the amount of interest payments on Subordinated Debt paid during such period, minus (iii) the Capital Expenditures Amount for such period, minus (iv) Additional Capital Expenditures for such period to the extent that such Additional Capital Expenditures are not funded with the Net Cash Proceeds of a disposition pursuant to paragraph 6G(iv), plus (b) in respect of any fiscal quarter ending during fiscal year 2008, the Additional Basket Amount for such fiscal quarter (which amount may be a negative number reducing the available Distributable Cash)."

Execution Version

KIT FINANCE INC.

AMENDMENT NO. 6 TO NOTE PURCHASE AND

PRIVATE SHELF AGREEMENT

As of March 25, 2009

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **PRISZM INC.**, a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (b) C$2,036,700 of its Shelf Notes (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto), as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, and (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 6 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5 hereof, the Existing Note Agreement is amended, effective as of December 28, 2008, as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Note Agreement Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

4.2. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors and compliance by each of the Obligors with its obligations hereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.3. Trade Payables.

Set forth on Exhibit B attached hereto is (a) a list of the Obligors' and the Subsidiaries' 20 largest suppliers for the twelve month period ended December 28, 2008 (determined based on total amounts paid by the Obligors and the Subsidiaries for such period) and (b) for each such supplier its credit terms with the Obligors or a Subsidiary as of December 28, 2008. The suppliers listed on Exhibit B attached hereto represent at least 65% of the aggregate payments made to trade creditors during the period December 31, 2007 through and including December 28, 2008.

4.4. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement would constitute a Default or an Event of Default.

4.5 Unitholders' Equity.

Unitholders' Equity was, on December 28, 2008, at least C$193,000,000, but not greater than C$198,000,000.

5. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective as of the first date written above (the **"Effective Date"**) upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Prudential and the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of the Current Noteholders' special counsel, in connection with this Amendment Agreement;

(c) each of Priszm Inc., Kit LP and each guarantor shall have executed and delivered to the Current Noteholders the Consent and Reaffirmation in respect of its obligations under its guarantee agreement or Security Documents, as applicable, substantially in the form attached hereto as Exhibit C; and

(d) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel.

6. COVENANTS.

The Obligors hereby covenant and agree to deliver to Prudential and the Current Noteholders, on or before April 15, 2009, a copy of an amendment to the Bank Credit Agreement amending the covenants in the Bank Credit Agreement on substantially the same basis as the covenants in the Note Agreement are amended hereby and which amendment is otherwise in form and substance satisfactory to the Current Noteholders. Each Obligor agrees that a default by the Obligors in their obligations under this Section 6 shall be an Event of Default under the Note Agreement.

7. EXPENSES.

Whether or not the Amendments become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, incurred in

connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the date of execution and delivery hereof, pay the fees and expenses of Bingham McCutchen LLP incurred through the date of execution and delivery hereof. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

8. REAFFIRMATION.

Each of the Company and Priszm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Financing Document to which it is a party, and in the case of Priszm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall continue to remain in full force and effect, and (ii) acknowledges and agrees that such Security Documents and Financing Documents, and in the case of Priszm Inc., the Kit Inc. Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Notes pursuant to the terms thereof.

9. MISCELLANEOUS.

9.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

9.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

9.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: STEVEN BOYACK
Title: CFO

PRISZM INC.

By: _____
Name: STEVEN BOYACK
Title: CFO

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By:
Name: Engin Okaya
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By:
Name: Engin Okaya
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By:
Name: Engin Okaya
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By:
Name: Engin Okaya
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

	Existing Series A Notes	Existing Shelf Notes
The Prudential Insurance Company of America	RA-1; C$62,533,650	R-1; C$2,036,700
Pruco Life Insurance Company	RA-2; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 3; C$1,921,425	N/A

	Amended Series A Notes	Amended Shelf Notes
The Prudential Insurance Company of America	RA-4; C$62,533,650	R-2; C$2,036,700
Pruco Life Insurance Company	RA-5; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 6; C$1,921,425	N/A

Exhibit A

AMENDMENTS

1. Paragraph 6F of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

> "**6F. Limitation on Restricted Payments.** The Obligors will not, and will not allow the other members of the Obligor Group, to make or declare any Restricted Payments (other than any such payments to any other member of the Obligor Group); *provided* that members of the Obligor Group may make or declare Restricted Payments to each other and to the Fund and the Trust on a monthly basis for the Fund to pay distributions on or repurchase units and special units so long as:
>
> (i) at the time of payment, and in the case of a declaration, the Company reasonably believes that at the time of payment of the amount so declared, the Obligors will, after giving effect (or pro-forma effect) to such payment, be in compliance with each of the covenants in paragraph 6H on the date of such payment and as of the last day of the fiscal quarter in which such payment is (or will be) made;
>
> (ii) no Default or Event of Default exists at the time of payment or declaration, as the case may be, or would result after giving pro forma effect to such Restricted Payment at the time of such payment or, in the case of a declaration, the Company reasonably believes that no Default or Event of Default will exist at the time of payment of the amount so declared;
>
> (iii) the Obligor Group (or any member thereof) shall have credit facilities aggregating at least C$5,000,000 in place (of which at least (x) prior to May 1, 2009, C$2,000,000 shall be available for borrowing and (y) thereafter, C$4,500,000 shall be available for borrowing) on the date any such Restricted Payment is to be made or declared, which credit facilities do not terminate within 60 days of such date, *provided,* that if any of such credit facilities (including the applicable Bank Credit Agreement) expire within such 60 day period, members of the Obligor Group may make or declare such payment if any member of the Obligor Group has received an executed commitment letter in respect of replacement revolving credit facilities for an aggregate amount at least equal to the amount of the revolving credit facilities that are expiring and that provides for a closing not later than the date such expiring credit facilities terminate (notwithstanding the foregoing this clause (iii) shall not be satisfied, and the Obligors cannot make or declare any distribution or repurchase (other than the distribution to be paid on April 21, 2009) unless

at such time the credit facility required hereunder permits the Obligors to borrow thereunder based on a borrowing base formula consisting of cash, accounts receivables and inventory);

(iv) in respect of any declaration or payment in fiscal year 2009, the aggregate amount declared or paid, taken together, shall not exceed C$13,750,000 in such fiscal year; or

(v) with respect to any fiscal quarter ending on or after December 31, 2009, no distribution or repurchase shall be permitted to be declared or paid during any such fiscal quarter if the Adjusted Cash Balances as of the last day of the fiscal quarter ending prior to the date of such declaration or payment shall be less than the amount set forth opposite such fiscal quarter below:

Fiscal Quarter Ending Date (or closest to such date)	Adjusted Cash Balances
December 31, 2009	C$25,000,000
March 31, 2010	C$10,000,000
June 30, 2010	C$16,000,000
September 30, 2010	C$23,000,000
December 31, 2010	C$30,000,000"

2. Paragraph 6H of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6H(1) Total Fixed Charge Coverage Ratio.** KIT Inc. will not permit for any period of four consecutive fiscal quarters of KIT LP, the ratio of (a) the difference of (i) EBITDAR for such period minus (ii) Capital Expenditures of KIT LP and its Subsidiaries for such period to (b) the sum of (i) Interest Expense for such period plus (ii) required principal payments of Indebtedness made or required to be made by KIT LP or its Subsidiaries on a consolidated basis during such period plus (iii) Operating Rentals for such period to be less than the ratio set forth below for the applicable period:

Period	Ratio
October 1, 2008 to and including December 28, 2008	1.25 to 1.00
December 29, 2008 and at all times thereafter	1.00 to 1.00

6H(2) Senior Indebtedness to EBITDAR. The Obligors will not at any time, permit the ratio of (a) the amount equal to (i) Senior Indebtedness at such time plus (ii) the amount equal to eight (8) times Operating Rentals for the four consecutive fiscal quarters most recently ended at such time minus (iii) commencing December 29, 2008, Adjusted Cash Balance at

such time to (b) EBITDAR for such period to be greater than the ratio set forth below for the applicable period:

Period	Ratio
October 1, 2008 to and including December 28, 2008	5.00 to 1.00
December 29, 2008 through and including September 30, 2009	5.50 to 1.00
October 1, 2009 through and including December 27, 2009	5.35 to 1.00
December 28, 2009 through and including June 30, 2010	5.25 to 1.00
July 1, 2010 and all times thereafter	5.00 to 1.00

6H(3) Minimum Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the four consecutive fiscal quarters most recently ended at such time, minus (i) acquisition expenditures of KIT LP and its Subsidiaries during such period, and minus (ii) Restricted Payments permitted by paragraph 6F to the extent made during such period, to be less than the following amounts for each of the following quarters:

Fiscal Quarter Ending Date (or closest to such date)	Amount
December 31, 2008	C$4,700,000
March 31, 2009	C$4,250,000
June 30, 2009	C$4,350,000
September 30, 2009	C$6,000,000
December 31, 2009	C$8,500,000
March 31, 2010	C$8,650,000
June 30, 2010	C$10,000,000
September 30, 2010	C$9,250,000
December 31, 2010 and the last day of each fiscal quarter thereafter	C$10,000,000

6H(4) Two-Quarter Cash Flow. The Obligors will not permit as of the last day of the fiscal quarter ending on (or closest to) each date below, Operational Cash Flow for the period of the two consecutive fiscal quarters most recently ended at such time to be less than the following amounts for each of the following quarters:

Fiscal Quarter Ending Date (or closest to such date)	Amount
December 31, 2008	C$17,000,000
March 31, 2009	C$5,000,000

Fiscal Quarter Ending Date (or closest to such date)	Amount
June 30, 2009	C$3,100,000
September 30, 2009	C$15,000,000
December 31, 2009	C$17,900,000
March 31, 2010	C$7,400,000
June 30, 2010	C$4,900,000
September 30, 2010	C$15,500,000
December 31, 2010 and the last day of each fiscal quarter thereafter	C$18,000,000

6H(5) Minimum Adjusted Cash Balances. The Obligors shall not as of the last day of the fiscal quarter ending on (or closest to) each date below permit the Adjusted Cash Balances to be less than the amount set forth opposite such fiscal quarter below:

Fiscal Quarter Ending Date (or closest to such date)	Adjusted Cash Balances
March 31, 2009	C$(4,000,000)
June 30, 2009	C$2,000,000
September 30, 2009	C$5,000,000
December 31, 2009	C$10,000,000
March 31, 2010	C$7,000,000
June 30, 2010	C$13,000,000
September 30, 2010	C$18,000,000
December 31, 2010	C$24,000,000

6H(6) Leverage Ratio. The Obligors will not at any time, permit the ratio of (a) the amount equal to (i) Senior Indebtedness at such time minus (ii) commencing December 29, 2008, Adjusted Cash Balance at such time to (b) EBITDA for the four consecutive fiscal quarters most recently ended at such time to be greater than the applicable amount at such time set forth below:

Period	Ratio
October 1, 2008 to and including December 28, 2008	2.50 to 1.00
December 29, 2008 through and including March 31, 2009	2.90 to 1.00
April 1, 2009 through and including September 30, 2009	2.75 to 1.00
October 1, 2009 through and including December 27, 2009	2.50 to 1.00
December 28, 2009 through and including March 31, 2010	2.60 to 1.00

Period	Ratio
April 1, 2010 through and including June 30, 2010	2.35 to 1.00
July 1, 2010 through and including September 30, 2010	2.25 to 1.00
October 1, 2010 and all times thereafter	2.10 to 1.00

6H(7) Minimum Unitholders' Equity. The Obligors will not, at any time, permit Unitholders' Equity to be less than the applicable amount set forth below:

Period	Amount
October 1, 2008 through and including December 28, 2008	C$193,000,000
December 29, 2008 through and including June 30, 2009	C$184,000,000
July 1, 2009 through and including December 27, 2009	C$186,000,000
December 28, 2009 through and including June 30, 2010	C$178,000,000
July 1, 2010 and at all times thereafter	C$181,000,000

6H(8) Capital Expenditures. The Obligors will not permit the aggregate amount of payments made for Capital Expenditures of the Company, KIT LP and its Subsidiaries on a combined basis to exceed the amounts set forth opposite the periods below:

Period	Amount
For the Fiscal Year ending December 28, 2008	C$10,000,000
For the Fiscal Year ending December 27, 2009 and each Fiscal Year thereafter	C$7,500,000"

3. Paragraph 11B of the Existing Note Agreement is hereby amended by amending and restating the definition of "Unitholders' Equity" therein to read as follows:

"**Unitholders' Equity**" shall mean Net Worth less, without duplication, all reserves for depreciation and other asset valuation reserves (but excluding reserves for federal, state, provincial and other income Taxes), net of accumulated depreciation plus, without duplication, Subordinated Debt and non-cash charges associated with write-downs of goodwill, intangibles and capital assets.

4. Paragraph 11B of the Existing Note Agreement is hereby amended by deleting the following terms from such paragraph: Additional Basket Amount, Additional Capital Expenditures, Asset Proceeds Amount, Available Asset Proceeds Amount, Distributable Cash, Net Cash Proceeds and Total Asset Sales Payments.

5. Paragraph 11B of the Existing Note Agreement is hereby amended by adding the following terms in their appropriate alphabetical order:

"**Adjusted Cash Balance**" shall mean at any time the amount equal to the difference of (i) the amount of cash and cash equivalents that would be set forth on the combined balance sheet of the Obligor Group determined in accordance with GAAP at such time *minus* (ii) the aggregate amount of trade payables owed by the Obligor Group which are overdue at such time *minus* (iii) the aggregate outstanding principal amount of borrowings by the Obligor Group under any revolving credit facility at such time (including, without limitation, under the Bank Credit Agreement). For purposes hereof (a) a trade payable shall be deemed to be overdue if the Obligor Group has not delivered payment to the applicable trade creditor prior to the fifth Business Day after such trade payable would be due in accordance with the Applicable Credit Terms for such trade creditor and (b) "Applicable Credit Terms" shall mean, with respect to any trade creditor of the Obligor Group, the credit terms which such trade creditor had in effect with the Obligor Group on December 28, 2008 (which in the case of any trade creditor listed on Exhibit B to Amendment No. 6 shall be terms for such trade creditor on such Exhibit B); provided that if any trade creditor (including any new trade creditor after December 28, 2008) did not have any credit terms in effect on December 28, 2008, a trade payable of each such trade creditor shall be overdue 61 days after such trade payable arises.

"**Amendment No. 6**" means that certain Amendment No. 6 to Note Purchase and Private Shelf Agreement dated March 25, 2009, among the Obligors and the holders of Notes.

6. Paragraph 11C of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**11C. Accounting Principles, Terms and Determinations.** Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if the Company notifies the Purchasers that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Purchasers notify the Company that the Required Holders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness using fair value (as permitted by Canadian Institute of Chartered Accountants Handbook Section 3855 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made."

EXHIBIT B

Invoices from Vendors in 2008 for Priszm LP

Vendor ID	Vendor Name	2008 Total	Vendor Terms
34008	SYSCO MILTON(PRONAMIC) KFC	21,339,791	N/28
34002	DISTAGRO	18,331,285	N/21
1671	RECEIVER GENERAL	18,151,121	1 month following fiscal period end
1369	MAPLE LODGE FARMS LTD.	17,148,128	N/7
8346	TREASURER OF ONTARIO	15,411,050	23 days following fiscal period end
49736	SYSCO FOOD SERVICES (KINGSTON)	15,172,350	N/21
34940	SUNRISE POULTRY PROCESSORS LTD	14,168,456	N/7
49869	ENERGY ADVANTAGE INC.	12,451,222	N/7
47165	SCOTT'S REAL ESTATE	11,960,829	1st day of each calendar month
34006	KONINGS WHOLESALE	11,277,189	N/21
34005	SERCA FOODSERVICE INC (ATLANTIC)	9,747,434	N/21
7210	PEPSI-COLA BEV. CANADA (NSS)	7,073,000	N/30 - see note 1 below
3666	OLYMEL S.E.C./L.P.	7,016,098	N/7
46818	ARTISTIC MINDS INC.	6,987,981	N/7 - See note 2 below
627	EXCELDOR COOPERATIVE AVICOLE	6,351,379	N/7
34011	SYSCO SERCA FOOD SERV. (WINNIPEG)	6,049,463	N/21
34010	SYSCO SERCA FOOD SERV. (EDMONTON	5,976,856	N/21
1567	PORT COLBORNE POULTRY LTD.	5,826,184	N/7
34009	SYSCO FOOD SERVICES CALGARY	5,661,872	N/21
3115	MINISTERE DU REVENU	5,086,365	1 month following fiscal period end

Top 20 Vendors (67% of total Invoices) **$221,188,051.95**

Notes:

1.) The contract states that the invoices are to be paid by the 20th day of the month following the invoice date, but in practice we have established this vendor as N/30 terms. Our AP system can't do the terms required in the contract

2.) Vendor invoice states payment due upon receipt of invoice, but practice is N/7.

KIT FINANCE INC.

WAIVER AND AMENDMENT NO. 7 TO NOTE PURCHASE AND

PRIVATE SHELF AGREEMENT

As of December 22, 2009

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and PRISZM INC., a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (b) C$2,036,700 of its Shelf Notes (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto), as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008 and (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 7 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

1.2. Requested Amendments and Waivers

The Obligors have requested that the Current Noteholders (a) waive any Default or Event of Default that may arise under paragraph 7A(v) of the Existing Note Agreement as a result of the failure of the Obligors to comply with the financial covenants set forth in paragraphs 6H(1), 6H(2), 6H(3), 6H(4), 6H(5) and 6H(6) of the Existing Note Agreement for the fiscal quarter ending December 31, 2009 (the "**Potential Events of Default**") and (b) amend certain provisions of the Existing Note Agreement, all as more particularly provided herein.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 6 hereof, the Existing Note Agreement is hereby amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Note Agreement Amendments**").

4. WAIVER.

(a) Subject to Section 6 and Section 7 hereof, the Current Noteholders constituting the Required Holders hereby irrevocably waive the Potential Events of Default (the "Waiver") solely with respect to the fiscal quarter ended December 31, 2009. This is a limited waiver and shall not be deemed to constitute a waiver of any other Default or Event of Default or any future breach or violation of the Note Agreement, any of the other Transaction Documents or any document entered into in connection therewith. Except as expressly provided herein, the foregoing Waiver shall not constitute (a) a modification or alteration of the terms, conditions or covenants of the Note Agreement, any of the other Transaction Documents or any document entered into in connection therewith, or (b) a waiver, release or limitation upon the exercise by the Current Noteholders of any of their rights, legal or equitable, hereunder or under the Note Agreement, any Transaction Document or any document entered into in connection therewith. Except as set forth herein, each of the Current Noteholders reserves any and all rights and remedies which it has had, has or may have under the Note Agreement, each Transaction Document and any document entered into in connection therewith.

5. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce you to enter into this Amendment Agreement and to consent to the Note Agreement Amendments and the Waivers, each of the Obligors represents and warrants as follows:

5.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

5.2. **Legal Validity.**

(a) The execution and delivery of this Amendment Agreement by each of the Obligors and compliance by each of the Obligors with its obligations hereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

5.3. **No Defaults.**

After giving effect to this Amendment Agreement, no event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement, would constitute a Default or an Event of Default.

6. EFFECTIVENESS OF NOTE AGREEMENT AMENDMENTS AND WAIVERS.

The Note Agreement Amendments and the Waivers shall become effective as of the first date written above (the "**Effective Date**") upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Required Holders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of the Current Noteholders' special counsel, in connection with this Amendment Agreement;

(c) each of Priszm Inc., Kit LP and each guarantor shall have executed and delivered to the Current Noteholders the Consent and Reaffirmation in respect of its obligations under its guarantee agreement or Security Documents, as applicable, substantially in the form attached hereto as Exhibit B; and

(d) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel.

7. COVENANTS.

The Obligors hereby covenant and agree to deliver to Prudential and the Current Noteholders, on or before December 31, 2009, a copy of an amendment and waiver to the Bank Credit Agreement amending and/or waiving compliance with the covenants in the Bank Credit Agreement on substantially the same basis as the covenants in the Note Agreement are amended and/or waived hereby and which amendment is otherwise in form and substance satisfactory to the Current Noteholders. Each Obligor agrees that a default by the Obligors in their obligations under this Section 7 shall constitute an immediate Event of Default under the Note Agreement and the Waivers shall be terminated and of no further effect.

8. EXPENSES.

Whether or not the Note Agreement Amendments or Waivers become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the date of execution and delivery hereof, pay the fees and expenses of Bingham McCutchen LLP incurred through the date of execution and delivery hereof. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

9. REAFFIRMATION.

Each of the Company and Priszm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Transaction Document to which it is a party, and in the case of Priszm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall continue to remain in full force and effect, and (ii) acknowledges and agrees that such Security Documents and Financing Documents, and in the case of Priszm Inc., the Kit Inc. Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Notes pursuant to the terms thereof.

10. MISCELLANEOUS.

10.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this

Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

10.2. **Counterparts; Effectiveness.**

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

10.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: Deborah Papernick
Title: CFO

PRISZM INC.

By: _____
Name: Deborah Papernick
Title: CFO.

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By:_____
Name: Paul L. Meiring
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By:_____
Name: Paul L. Meiring
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By:_____
Name: Paul L. Meiring
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By:_____
Name: Paul L. Meiring
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

	Existing Series A Notes	Existing Shelf Notes
The Prudential Insurance Company of America	RA-1; C$62,533,650	R-1; C$2,036,700
Pruco Life Insurance Company	RA-2; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 3; C$1,921,425	N/A

	Amended Series A Notes	Amended Shelf Notes
The Prudential Insurance Company of America	RA-4; C$62,533,650	R-2; C$2,036,700
Pruco Life Insurance Company	RA-5; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 6; C$1,921,425	N/A

Exhibit A

NOTE AGREEMENT AMENDMENTS

1. Paragraph 5R of the Existing Note Agreement shall be amended and restated in its entirety, effective as of March 26, 2009, to read as follows:

> "5R **Maintain Credit Line.** The Obligors will, and will cause certain members of the Obligor Group to, maintain credit facilities aggregating at least C$5,000,000 at all times prior to the consummation of the FPF Sale.

2. Paragraph 5 of the Existing Note Agreement shall be amended by inserting the following new paragraph 5T at the end thereof to read as follows:

> "5T **Proceeds from FPF Sale.** The Net Cash Proceeds received by the Obligors and their Subsidiaries in connection with the FPF Sale (after deducting an amount equal to all severance payments made to employees in connection with the FPF Sale) shall be deposited into the Cash Collateral Account and held in such account until the date (the "**Release Date**") that is the earlier of (a) the date on which Prudential agrees in writing to the release of such proceeds from the Cash Collateral Account, and (b) the date on which the Obligors and the Required Holders shall have entered into an amendment and waiver agreement, on terms and conditions satisfactory to Prudential and the Required Holders, providing for, among other things, amendments to certain of the financial covenants set forth in paragraph 6H of this Agreement for each of the fiscal quarters ending during the 2010 Fiscal Year. Notwithstanding the foregoing, the Obligors may use up to C$3,000,000 of such Net Cash Proceeds during the first 60 days after the consummation of the FPF Sale solely for purposes of repaying any indebtedness outstanding under the Bank Credit Agreement or for other general corporate purposes, so long as on or before the end of such 60 day period the Obligors make an additional deposit into the Cash Collateral Account equal to the amount of such Net Cash Proceeds used for repayment of such indebtedness and for other general corporate purposes.

2. Paragraph 6F of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

> "6F. **Limitation on Restricted Payments.** The Obligors will not, and will not allow the other members of the Obligor Group, to make or declare any Restricted Payments (other than any such payments to any other member of the Obligor Group)."

3. Paragraph 6G of the Existing Note Agreement shall be amended by amending and restating paragraph (v) thereof in its entirety to read as set forth below and inserting a new paragraph (vi) at the end thereof to read as set forth below:

"(v) the FPF Sale; provided that (A) such sale is consummated on or prior to January 31, 2010, and (B) the Net Cash Proceeds received or to be received by the Obligors and their Subsidiaries in connection with such sale shall not be less than $8,500,000; and

(vi) any member of the Obligor Group may Transfer its assets in excess of the limitations set forth above (such assets collectively the "**Excess Assets**") only if the aggregate value of the proceeds of all such Transfers of Excess Assets does not exceed (a) in any Fiscal Year, 5% of the net book value Tangible Assets (determined as of end of the fiscal quarter ended immediately prior to such Transfer), and if the proceeds from such Transfers of Excess Assets are (i) at any time prior to the Release Date, deposited into the Cash Collateral Account and held in such account until the Release Date, or (ii) at any time on or after the Release Date, used to purchase other property of a similar nature (such property the "**Excess Replacement Assets**") within 180 days (before or after disposition) which are subject to the Lien securing the Notes, the KIT Guarantees and the Subsidiary Guarantees or (b) 15% of the net book value Tangible Assets over the life of the Notes (determined at any time by aggregating the dollar value of all the proceeds of Transfers as of such time including any proceeds of Excess Assets not reinvested in Excess Replacement Assets at such time, as a percentage of net book value Tangible Assets as of the end of the fiscal quarter ended immediately prior to such Transfer).

2. Paragraph 6H(8) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6H(8) Capital Expenditures.** The Obligors will not permit, for each period below, the aggregate amount of payments made for Capital Expenditures of the Company, KIT LP and its Subsidiaries on a combined basis for such period to exceed the amounts set forth opposite such period:

Period	Amount
For the Fiscal Year ending December 28, 2008	C$10,000,000
For the Fiscal Year ending December 27, 2009	C$7,350,000
For the period January 1, 2010 through February 28, 2010, inclusive	C$2,500,000
For the Fiscal Year ending on December 31, 2010 and each Fiscal Year thereafter	C$7,500,000"

3. Paragraph 6H of the Existing Note Agreement shall be amended by inserting the following new paragraph 6H(9) to read as follows:

"6H(9) **Minimum EBITDA.** The Obligors will not permit EBITDA for the period of four consecutive fiscal quarters ending on December 27, 2009 to be less than C$24,700,000."

5.

Paragraph 11B of the Existing Note Agreement is hereby amended by amending and restating the definition of EBITDA as follows:

""**EBITDA**" shall mean, for any period, the sum of Net Income for such period plus, (x) to the extent deducted in the determination of Net Income for such period, the aggregate amount of (i) Interest Expenses; (ii) all provisions for federal, state and other income Taxes; (iii) all provisions for depreciation and amortization; (iv) all other non-cash charges; and (v) the amount of severance payments made to employees during the fiscal quarter ended December 27, 2009 in connection with the general corporate restructuring of the Obligor Group (excluding any severance payments made in connection with the FPF Sale) in an aggregate amount not exceeding C$1,500,000 less (y) all cash payments during such period relating to non-cash charges which were added back in determining EBITDA in any prior period, all as calculated for KIT LP and its Subsidiaries on a consolidated basis in accordance with GAAP."

6. Paragraph 11B of the Existing Note Agreement is hereby amended by adding the following terms in their appropriate alphabetical order:

"**FPF Business**" means the portion of the business of the Obligor Group consisting of the preparation of prepared foods, including, without limitation, deli salads, coleslaw, macaroni salad, potato salad, pre-cut vegetable salad and vegetable salad.

"**FPF Sale**" means the sale by Priszm LP of all or substantially all of the assets of the FPF Business under an Asset Purchase Agreement by and between Priszm LP and Keybrand Foods Inc. and each of the documents executed in connection therewith.

"**Release Date**" shall have the meaning specified in paragraph 5T.

Exhibit B

FORM OF CONSENT AND REAFFIRMATION

FORM OF
CONSENT AND REAFFIRMATION

Reference is made to that certain Note Purchase and Private Shelf Agreement, dated as of January 12, 2006 (the "***Original Note Purchase Agreement***"), by and between KIT Finance Inc. (together with its successors and assigns, the "***Company***"), Priszm Inc., a Canadian corporation formerly known as "KIT Inc." ("**Priszm Inc.**"), Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto, pursuant to which the Company authorized the sale and issuance to the Noteholders of C$73,596,400 in aggregate principal amount of its 6.795% senior secured guaranteed notes due January 13, 2011 (the "***Series A Notes***") and C$2,036,700 in aggregate principal amount of its senior secured guaranteed promissory notes due November 11, 2011 (the "***Shelf Notes***" and together with the Series A Notes, the "***Existing Notes***"). The Original Note Purchase Agreement was amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, and (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009 (as so amended, the Original Note Purchase Agreement shall be referred to herein as the "***Existing Note Purchase Agreement***"). The Existing Note Purchase Agreement is being amended pursuant to the terms of that certain Amendment No. 7 to the Note Purchase and Private Shelf Agreement, of even date herewith (the "***Amendment Agreement***"; the Existing Note Purchase Agreement as amended by the Amendment Agreement, the "***Note Purchase Agreement***"), among the Company, Priszm Inc., Prudential and the Current Noteholders (as defined therein) Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Amendment Agreement.

The undersigned Person (the "**Obligor**") is a party to a [_____] Guarantee and certain other Security Documents entered into in connection with the execution and delivery of the Existing Note Purchase Agreement and the issuance and sale of the Existing Notes. The Obligor hereby (i) acknowledges receipt of a copy of the Amendment Agreement, (ii) consents to the execution, delivery and performance by the Company and Priszm Inc. of the of the Amendment Agreement, (iii) acknowledges and affirms all of its obligations under the terms of its [_____] Guarantee and each Security Document and Financing Document to which it is a party and agrees all such shall agreements continue to remain in full force and effect, and (iii) acknowledges and agrees that the [_____] Guarantee and such Security Documents and Financing Documents shall guaranty and secure the obligations under the Note Purchase Agreement pursuant to the terms thereof.

Dated: As of [_____], 20[__]

IN WITNESS WHEREOF, the Obligor has caused this Consent and Reaffirmation to be executed on its behalf, as of the date first above written, by one of its duly authorized officers.

[NAME]

By: _____
Name:
Title:

KIT FINANCE INC.

AMENDMENT NO. 8 TO NOTE PURCHASE AND

PRIVATE SHELF AGREEMENT

As of March 12, 2010

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **PRISZM INC.**, a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (b) C$2,036,700 of its Shelf Notes (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto), as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009 and (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 8 to Note Purchase and Private Shelf Agreement (this "**Amendment Agreement**"), the "**Note Agreement**"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Notes.

1.2. Requested Amendments.

The Obligors have requested that the Current Noteholders amend certain provisions of the Existing Note Agreement, all as more particularly provided herein.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5 hereof, the Existing Note Agreement is hereby amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Note Agreement Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce you to enter into this Amendment Agreement and to consent to the Note Agreement Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement.

4.2. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors and compliance by each of the Obligors with its obligations hereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement has been duly authorized by all necessary action on the part of the Obligors, has been executed and delivered by a duly authorized officer of each Obligor, and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.3. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement, would constitute a Default or an Event of Default.

5. EFFECTIVENESS OF NOTE AGREEMENT AMENDMENTS AND WAIVERS.

The Note Agreement Amendments shall become effective as of the first date written above (the "**Effective Date**") upon:

(a) receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by Required Holders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of the Current Noteholders' special counsel, in connection with this Amendment Agreement;

(c) each of Priszm Inc., Priszm LP and each guarantor shall have executed and delivered to the Current Noteholders the Consent and Reaffirmation in respect of its obligations under its guarantee agreement or Security Documents, as applicable, substantially in the form attached hereto as Exhibit B; and

(d) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel.

6. EXPENSES.

Whether or not the Note Agreement Amendments become effective, the Obligors will promptly (and in any event within thirty days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the date of execution and delivery hereof, pay the fees and expenses of Bingham McCutchen LLP incurred through the date of execution and delivery hereof. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

7. REAFFIRMATION.

Each of the Company and Priszm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Transaction Document to which it is a party, and in the case of Priszm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall continue to remain in full force and effect, and (ii) acknowledges and agrees that such Security Documents and Transaction Documents, and in the case of Priszm Inc., the Kit Inc.

Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Notes pursuant to the terms thereof.

8. MISCELLANEOUS.

8.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Existing Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

8.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

8.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: Deborah Paperniak
Title: CFO

PRISZM INC.

By: _____
Name: Deborah Paperniak
Title: CFO

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____
Name: Engin W. Okaya
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____
Name: Engin W. Okaya
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____
Name: Engin W. Okaya
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By: _____
Name: Engin W. Okaya
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

	Existing Series A Notes	Existing Shelf Notes
The Prudential Insurance Company of America	RA-1; C$62,533,650	R-1; C$2,036,700
Pruco Life Insurance Company	RA-2; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 3; C$1,921,425	N/A

	Amended Series A Notes	Amended Shelf Notes
The Prudential Insurance Company of America	RA-4; C$62,533,650	R-2; C$2,036,700
Pruco Life Insurance Company	RA-5; C$9,141,325	N/A
Prudential Retirement Insurance and Annuity Company	RA- 6; C$1,921,425	N/A

Exhibit A

NOTE AGREEMENT AMENDMENTS

1. Paragraph 4A of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**4A. Required Prepayments.**

"**4A(1) Required Scheduled Prepayments.** Until the Series A Notes shall be paid in full, the Company shall pay, and there shall become due and payable (i) C$4,000,000 of the principal amount of the Series A Notes on each of March 15, 2010 and May 31, 2010 and (ii) C$2,000,000 of the principal amount of the Series A Notes on August 4, 2010, together with interest thereon to the payment date and together with any Yield Maintenance Amount. The remaining unpaid principal amount of the Series A Notes, together with interest accrued thereon, shall become due on the maturity date set forth in such Series A Note."

"**4A(2) Required Scheduled Prepayments.** Until the Series A Notes shall be paid in full, the Company shall pay, and there shall be come due and payable, a principal amount of the Series A Notes equal to (and directly from) the proceeds of any incurrence by any member of the Group of Subordinated Debt after March 12, 2010, together with interest thereon to the payment date and with any Yield Maintenance Amount. Such prepayment shall be made simultaneously with the incurrence of such Subordinated Debt."

2. Paragraph 5 of the Existing Note Agreement shall be amended by re-lettering Paragraph 5T entitled "Proceeds from FPF Sale" added pursuant to that certain Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement, dated as of December 22, 2009, among the Obligors and the Current Noteholders (as defined therein), as Paragraph 5U.

3. Paragraph 5 of the Existing Note Agreement shall be amended by inserting the following new paragraph 5V at the end thereof to read as follows:

"**5V Refinancing Efforts.** On or before June 30, 2010, the Obligors shall deliver to each holder of Notes a fully executed letter of intent or commitment letter from a bona fide lender or other institutional investor setting forth such lender's or investor's commitment to the terms of a financing transaction providing for repayment in full, in immediately available funds, of all amounts owing to the holders of Notes under the Notes and this Agreement, on or before December 31, 2010. If the Obligors fail to deliver such letter of intent or commitment letter by June 30, 2010, then the trustees of the Fund shall take such actions as they reasonably consider necessary to allow for the repayment in full,

in immediately available funds, of all amounts owing to the holders of Notes under the Notes and this Agreement, on or before December 31, 2010."

4. Paragraph 6D of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6D. Limitations on Indebtedness.** The Obligors will not, and will not allow the other members of the Obligor Group to, directly or indirectly, create, incur, assume or permit to exist any Indebtedness except:

(i) Indebtedness created hereunder or under the other Transaction Documents;

(ii) Indebtedness of any member of the Obligor Group owed to the Company, Kit Inc., KIT LP or a Wholly-Owned Subsidiary;

(iii) Indebtedness outstanding on the Eighth Amendment Effective Date and identified on Schedule 6D;

(iv) Capitalized Lease Obligations or term loan Indebtedness (and any Guarantees in support thereof) incurred after March 28, 2010 to acquire Krushers Equipment and Ovens so long as (x) the aggregate principal amount of all such Indebtedness does not at any time exceed the principal amount permitted pursuant to paragraph 6H(8) at such time, (y) the aggregate cost of any Krushers Equipment purchased since such date and financed with Capitalized Lease Obligations or term loan Indebtedness does not exceed C$5,000,000 and (z) the aggregate cost of any Ovens purchased and financed with Capitalized Lease Obligations or term loan Indebtedness since such date does not exceed C$1,500,000; and

(iv) Subordinated Debt, the terms of which are satisfactory to the Required Holders, so long the proceeds of such Subordinated Debt are simultaneously with the incurrence thereof used to prepay the Notes in accordance with Paragraph 4A(2)."

5. Paragraph 6H(1) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6H(1) Intentionally Omitted.**"

6. Paragraph 6H(2) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6H(2) Intentionally Omitted.**"

7. Paragraph 6H(3) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(3) Intentionally Omitted."

8. Paragraph 6H(4) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(4) Intentionally Omitted."

9. Paragraph 6H(5) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(5) Intentionally Omitted."

10. Paragraph 6H(6) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(6) Intentionally Omitted."

11. Paragraph 6H(8) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"6H(8) Capital Expenditures. So long as the time such Capital Expenditure is made or contracted for the Obligors have made each of the prepayments required pursuant to Paragraph 4A(1) on or before such date, the Obligors will be permitted, for each period below, to make Capital Expenditures of the Company, KIT LP and its Subsidiaries on a combined basis for such period in the amounts set forth below with respect to such period:

(i) for the period December 28, 2009 through March 21, 2010, Capital Expenditures in an aggregate amount not to exceed C$1,750,000, provided, however, no such Capital Expenditure shall be made by the incurrence of any Capitalized Lease Obligation or term loan Indebtedness;

(ii) for the period December 28, 2009 through June 13, 2010, Capital Expenditures in an aggregate amount not to exceed C$7,250,000, provided, however, that such amount may be increased, but shall not exceed C$12,250,000 to the extent the costs of any Capital Expenditures are made by the incurrence of a Capitalized Lease Obligation or term loan Indebtedness during such period, provided further, that in no event may the principal amount of Capitalized Lease Obligations or term loan Indebtedness incurred during such period exceed in the aggregate C$5,000,000;

(iii) for the period December 28, 2009 through September 5, 2010, Capital Expenditures in an aggregate amount not to exceed C$16,750,000, provided, however, that such amount may be increased, but shall not exceed C$23,250,000 to the extent the costs of any Capital Expenditures are made by the incurrence of a Capitalized Lease Obligation or term loan Indebtedness during such period, provided further, that in no event may the principal amount of Capitalized Lease Obligations or term loan Indebtedness incurred during such period exceed in the aggregate C$6,500,000; and

(iv) for the period December 28, 2009 through December 26, 2010, Capital Expenditures in an aggregate amount not to exceed C$27,300,000, provided, however, that such amount may be increased, but shall not exceed C$33,800,000 to the extent the costs of any Capital Expenditures are made by the incurrence of a Capitalized Lease Obligation or term loan Indebtedness during such period, provided further, that in no event may the principal amount of Capitalized Lease Obligations or term loan Indebtedness incurred during such period exceed in the aggregate C$6,500,000.

12. Paragraph 6H(9) of the Existing Note Agreement shall be amended and restated in its entirety to read as follows:

"**6H(9) Minimum EBITDA.** The Obligors will not permit, for each period below, EBITDA for such period to be less than the amount set forth opposite such period:

Period	Amount
For the period December 28, 2009 through March 21, 2010, inclusive	(C$ 2,000,000)
For the period March 22, 2010 through June 13, 2010, inclusive	C$7,100,000
For the period June 14, 2010 through September 5, 2010, inclusive	C$9,950,000
For the period September 6, 2010 through December 26, 2010, inclusive, and as of the end of each fiscal quarter ended thereafter for the period of four consecutive fiscal quarters then ended	C$5,700,000

13. Paragraph 11A of the Existing Note Agreement shall be amended by amending and restating each of the following definitions in such paragraph:

"**Called Principal**" shall mean, with respect to any Note, the principal of such Note that is to be prepaid pursuant to paragraphs 4A, 4B or 4F or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"**Reinvestment Yield**" shall mean, with respect to the Called Principal of (i) any Note denominated in U.S. Dollars, the Implied Rate U.S. Dollar Yield plus, if (and only if) such Called Principal is in respect of a prepayment pursuant to paragraph 4A(1), 2.00% (200 basis points), and (ii) any Note denominated in Canadian Dollars, the Implied Rate Canadian Dollar Yield plus, if (and only if) such Called Principal is in respect of a prepayment pursuant to paragraph 4A(1), 2.00% (200 basis points). The Reinvestment Yield will be rounded to that number of decimals as appears in the coupon for the applicable Note.

"**Settlement Date**" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraphs 4A, 4B or 4F or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

14. Paragraph 11B of the Existing Note Agreement is hereby amended by amending the definition of "Permitted Liens" by (a) deleting the word "and" at the end of subparagraph (xvii) thereof, (b) renumbering existing subparagraph (xviii) thereof as (xviv) and (c) adding the following as a new subparagraph (xviii):

"(xviii) Liens securing Capitalized Lease Obligations or term loan Indebtedness permitted pursuant to Paragraph 6D(iv) provided such Lien only attaches to the assets subject to such Capitalized Lease Obligation or term loan Indebtedness; and"

15. Paragraph 11B of the Existing Note Agreement is hereby amended by amending and restating the definition of "Release Date" as follows:

"**Release Date**" shall have the meaning specified in paragraph 5U.

16. Paragraph 11B of the Existing Note Agreement is hereby amended by adding the following term in its appropriate alphabetical order:

"**Eighth Amendment Effective Date**" means March 12, 2010.

Exhibit B

FORM OF CONSENT AND REAFFIRMATION

CONSENT AND REAFFIRMATION

Reference is made to that certain Note Purchase and Private Shelf Agreement, dated as of January 12, 2006 (the "***Original Note Purchase Agreement***"), by and between KIT Finance Inc. (together with its successors and assigns, the "***Company***"), Priszm Inc., a Canadian corporation formerly known as "KIT Inc." ("***Priszm Inc.***"), Prudential Investment Management, Inc. ("***Prudential***") and each of the Purchasers listed in Annex A attached thereto, pursuant to which the Company authorized the sale and issuance to the Noteholders of C$73,596,400 in aggregate principal amount of its 6.795% senior secured guaranteed notes due January 13, 2011 (the "***Series A Notes***") and C$2,036,700 in aggregate principal amount of its senior secured guaranteed promissory notes due November 11, 2011 (the "***Shelf Notes***" and together with the Series A Notes, the "***Existing Notes***"). The Original Note Purchase Agreement was amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009 and (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009 (as so amended, the Original Note Purchase Agreement shall be referred to herein as the "***Existing Note Purchase Agreement***"). The Existing Note Purchase Agreement is being amended pursuant to the terms of that certain Amendment No. 8 to the Note Purchase and Private Shelf Agreement, of even date herewith (the "***Amendment Agreement***"; the Existing Note Purchase Agreement as amended by the Amendment Agreement, the "***Note Purchase Agreement***"), among the Company, Priszm Inc., Prudential and the Current Noteholders (as defined therein). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Amendment Agreement.

The undersigned Person (the "***Obligor***") is a party to a Limited Recourse Guarantee and certain other Security Documents entered into in connection with the execution and delivery of the Existing Note Purchase Agreement and the issuance and sale of the Existing Notes. The Obligor hereby (i) acknowledges receipt of a copy of the Amendment Agreement, (ii) consents to the execution, delivery and performance by the Company and Priszm Inc. of the of the Amendment Agreement, (iii) acknowledges and affirms all of its obligations under the terms of its Limited Recourse Guarantee and each Security Document and Financing Document to which it is a party and agrees all such shall agreements continue to remain in full force and effect, and (iii) acknowledges and agrees that the Limited Recourse Guarantee and such Security Documents and Financing Documents shall guaranty and secure the obligations under the Note Purchase Agreement pursuant to the terms thereof.

Dated: As of March 12, 2010

IN WITNESS WHEREOF, the Obligor has caused this Consent and Reaffirmation to be executed on its behalf, as of the date first above written, by one of its duly authorized officers.

PRISZM INCOME FUND, by its duly appointed attorney, Priszm Inc.

Per: _____
Name: Deborah Preston
Title: CFO

CONSENT AND REAFFIRMATION

Reference is made to that certain Note Purchase and Private Shelf Agreement, dated as of January 12, 2006 (the "***Original Note Purchase Agreement***"), by and between KIT Finance Inc. (together with its successors and assigns, the "***Company***"), Priszm Inc., a Canadian corporation formerly known as "KIT Inc." ("***Priszm Inc.***"), Prudential Investment Management, Inc. ("***Prudential***") and each of the Purchasers listed in Annex A attached thereto, pursuant to which the Company authorized the sale and issuance to the Noteholders of C$73,596,400 in aggregate principal amount of its 6.795% senior secured guaranteed notes due January 13, 2011 (the "***Series A Notes***") and C$2,036,700 in aggregate principal amount of its senior secured guaranteed promissory notes due November 11, 2011 (the "***Shelf Notes***" and together with the Series A Notes, the "***Existing Notes***"). The Original Note Purchase Agreement was amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009 and (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009 (as so amended, the Original Note Purchase Agreement shall be referred to herein as the "***Existing Note Purchase Agreement***"). The Existing Note Purchase Agreement is being amended pursuant to the terms of that certain Amendment No. 8 to the Note Purchase and Private Shelf Agreement, of even date herewith (the "***Amendment Agreement***"; the Existing Note Purchase Agreement as amended by the Amendment Agreement, the "***Note Purchase Agreement***"), among the Company, Priszm Inc., Prudential and the Current Noteholders (as defined therein). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Amendment Agreement.

The undersigned Person (the "***Obligor***") is a party to a KIT Inc. Guarantee and certain other Security Documents entered into in connection with the execution and delivery of the Existing Note Purchase Agreement and the issuance and sale of the Existing Notes. The Obligor hereby (i) acknowledges receipt of a copy of the Amendment Agreement, (ii) consents to the execution, delivery and performance by the Company and Priszm Inc. of the of the Amendment Agreement, (iii) acknowledges and affirms all of its obligations under the terms of its KIT Inc. Guarantee and each Security Document and Financing Document to which it is a party and agrees all such shall agreements continue to remain in full force and effect, and (iii) acknowledges and agrees that the KIT Inc. Guarantee and such Security Documents and Financing Documents shall guaranty and secure the obligations under the Note Purchase Agreement pursuant to the terms thereof.

Dated: As of March 12, 2010

IN WITNESS WHEREOF, the Obligor has caused this Consent and Reaffirmation to be executed on its behalf, as of the date first above written, by one of its duly authorized officers.

PRISZM CANADIAN OPERATING TRUST,
by its duly appointed attorney, Priszm Inc.

Per: _____
Name: Deborah Paparella
Title: CFO

CONSENT AND REAFFIRMATION

Reference is made to that certain Note Purchase and Private Shelf Agreement, dated as of January 12, 2006 (the "***Original Note Purchase Agreement***"), by and between KIT Finance Inc. (together with its successors and assigns, the "***Company***"), Priszm Inc., a Canadian corporation formerly known as "KIT Inc." ("**Priszm Inc.**"), Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto, pursuant to which the Company authorized the sale and issuance to the Noteholders of C$73,596,400 in aggregate principal amount of its 6.795% senior secured guaranteed notes due January 13, 2011 (the "***Series A Notes***") and C$2,036,700 in aggregate principal amount of its senior secured guaranteed promissory notes due November 11, 2011 (the "***Shelf Notes***" and together with the Series A Notes, the "***Existing Notes***"). The Original Note Purchase Agreement was amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009 and (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009 (as so amended, the Original Note Purchase Agreement shall be referred to herein as the "***Existing Note Purchase Agreement***"). The Existing Note Purchase Agreement is being amended pursuant to the terms of that certain Amendment No. 8 to the Note Purchase and Private Shelf Agreement, of even date herewith (the "***Amendment Agreement***"; the Existing Note Purchase Agreement as amended by the Amendment Agreement, the "***Note Purchase Agreement***"), among the Company, Priszm Inc., Prudential and the Current Noteholders (as defined therein). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Amendment Agreement.

The undersigned Person (the "**Obligor**") is a party to a KIT LP Guarantee and certain other Security Documents entered into in connection with the execution and delivery of the Existing Note Purchase Agreement and the issuance and sale of the Existing Notes. The Obligor hereby (i) acknowledges receipt of a copy of the Amendment Agreement, (ii) consents to the execution, delivery and performance by the Company and Priszm Inc. of the of the Amendment Agreement, (iii) acknowledges and affirms all of its obligations under the terms of its KIT LP Guarantee and each Security Document and Financing Document to which it is a party and agrees all such shall agreements continue to remain in full force and effect, and (iii) acknowledges and agrees that the KIT LP Guarantee and such Security Documents and Financing Documents shall guaranty and secure the obligations under the Note Purchase Agreement pursuant to the terms thereof.

Dated: As of March 12, 2010

IN WITNESS WHEREOF, the Obligor has caused this Consent and Reaffirmation to be executed on its behalf, as of the date first above written, by one of its duly authorized officers.

PRISZM INC.

By: _____
Name: Deborah Papanak
Title: CFO

CONSENT AND REAFFIRMATION

Reference is made to that certain Note Purchase and Private Shelf Agreement, dated as of January 12, 2006 (the "***Original Note Purchase Agreement***"), by and between KIT Finance Inc. (together with its successors and assigns, the "***Company***"), Priszm Inc., a Canadian corporation formerly known as "KIT Inc." ("***Priszm Inc.***"), Prudential Investment Management, Inc. ("***Prudential***") and each of the Purchasers listed in Annex A attached thereto, pursuant to which the Company authorized the sale and issuance to the Noteholders of C$73,596,400 in aggregate principal amount of its 6.795% senior secured guaranteed notes due January 13, 2011 (the "***Series A Notes***") and C$2,036,700 in aggregate principal amount of its senior secured guaranteed promissory notes due November 11, 2011 (the "***Shelf Notes***" and together with the Series A Notes, the "***Existing Notes***"). The Original Note Purchase Agreement was amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009 and (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009 (as so amended, the Original Note Purchase Agreement shall be referred to herein as the "***Existing Note Purchase Agreement***"). The Existing Note Purchase Agreement is being amended pursuant to the terms of that certain Amendment No. 8 to the Note Purchase and Private Shelf Agreement, of even date herewith (the "***Amendment Agreement***"; the Existing Note Purchase Agreement as amended by the Amendment Agreement, the "***Note Purchase Agreement***"), among the Company, Priszm Inc., Prudential and the Current Noteholders (as defined therein). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Amendment Agreement.

The undersigned Person (the "***Obligor***") is a party to a Limited Recourse Guarantee and certain other Security Documents entered into in connection with the execution and delivery of the Existing Note Purchase Agreement and the issuance and sale of the Existing Notes. The Obligor hereby (i) acknowledges receipt of a copy of the Amendment Agreement, (ii) consents to the execution, delivery and performance by the Company and Priszm Inc. of the of the Amendment Agreement, (iii) acknowledges and affirms all of its obligations under the terms of its Limited Recourse Guarantee and each Security Document and Financing Document to which it is a party and agrees all such shall agreements continue to remain in full force and effect, and (iii) acknowledges and agrees that the Limited Recourse Guarantee and such Security Documents and Financing Documents shall guaranty and secure the obligations under the Note Purchase Agreement pursuant to the terms thereof.

Dated: As of March 12, 2010

IN WITNESS WHEREOF, the Obligor has caused this Consent and Reaffirmation to be executed on its behalf, as of the date first above written, by one of its duly authorized officers.

PRISZM LP
By: Priszm Inc., its general partner

By: _____
Name: Deborah Popowich
Title: CFO

KIT FINANCE INC.

AMENDMENT NO. 9 TO NOTE PURCHASE AND

PRIVATE SHELF AGREEMENT

As of January 19, 2011

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **PRISZM INC.**, a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY MATTERS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes due January 13, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (b) C$2,036,700 of its Shelf Notes (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**", and together with the Series A Notes, collectively, the "**Existing Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto, as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009, (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009 and (viii) Waiver and Amendment No. 8 to Note Purchase and Private Shelf Agreement dated as of March 12, 2010 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 9 to Note Purchase and Private Shelf Agreement (together with all Annexes, Exhibits, Schedules and attachments hereto, this "**Amendment Agreement**" or this "**Agreement**"), the "**Note Agreement**"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Existing Notes.

1.2. Requested Actions.

The Obligors have requested that the Current Noteholders amend certain provisions of the Existing Note Agreement, and that the Current Noteholders conditionally agree to purchase a new series of promissory notes, all as more particularly provided herein.

1.3. Authorization of Issue of Series 2011 Notes.

The Company has authorized the issue and sale of its senior secured guaranteed promissory notes (the "**Series 2011 Notes**" and, together with the Existing Notes, the "**Notes**") in the maximum aggregate principal amount of up to US$4,000,000, to be dated the date of issue thereof, to mature January 31, 2011, to bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 10.00% *per annum* and on overdue principal and overdue interest at the rate specified in the Note Agreement, to have such other terms as are provided in the Note Agreement, and to be substantially in the form attached as Exhibit A-3 to the Note Agreement. For the avoidance of doubt, and subject to the terms and conditions provided herein and in the Note Agreement, the Series 2011 Notes shall be issued and sold to the Current Noteholders from time to time as provided herein and in the Note Agreement, ratably to each Current Noteholder based on the percentage of each such Series 2011 Note as set forth in the Series 2011 Purchaser Schedule (defined below); subject to the terms and conditions contained herein and in the Note Agreement, the Company shall be entitled to issue Series 2011 Notes, and the Current Noteholders shall be obligated to purchase such Series 2011 Notes, from the Effective Date through January 28, 2011 (the "**Series 2011 Notes Issuance Period**"). In no event shall the aggregate principal amount of all Series 2011 Notes issued and sold hereunder and under the Note Agreement exceed US$4,000,000 at any time. The terms "**Series 2011 Note**" and "**Series 2011 Notes**" as used herein shall include each Series 2011 Note delivered pursuant to any provision of this Agreement and each Series 2011 Note delivered in substitution or exchange for any such Series 2011 Note pursuant to any such provision. Each of the Series 2011 Notes shall constitute a "Note" for all purposes, including under the Note Agreement, the other Transaction Documents and the Security Documents.

1.4. Purchase and Sale of Series 2011 Notes.

Subject to the terms and conditions set forth herein and in the Note Agreement, the Company may (but shall not be obligated to) issue and sell to each Current Noteholder, and each Current Noteholder agrees to purchase from the Company during the Series 2011 Notes Issuance Period, up to the aggregate principal amount of Series 2011 Notes set forth opposite its name on the Series 2011 Purchaser Schedule attached as Annex 1A to the Note Agreement (the "**Series 2011 Purchaser Schedule**"), at 100% of such aggregate principal amount from time to time.

1.5. Purchase and Sale Mechanics.

On any Business Day during the Series 2011 Notes Issuance Period, the Obligors may, by delivery to the Current Holders of a Verified Issuance Notice (as defined below) prior to 1:00 pm Eastern time, inform the Current Holders of its intention to issue Series 2011 Notes on the immediately following Business Day (such immediately following Business Day with respect to such Verified Issuance Notice is herein referred to as a "**Proposed Issuance Date**"). On such

Proposed Issuance Date, the Obligors shall execute and deliver to each Current Noteholder at the offices of Prudential Capital Group in New York, NY (and any other such location directed by the Current Noteholders), a Series 2011 Note registered in its name, dated the date of issuance, evidencing the principal amount of such Series 2011 Note to be purchased by such Current Noteholder (denominated in U.S. Dollars), which principal amount shall constitute the respective percentage (as set forth in the Series 2011 Purchaser Schedule) for such Current Holder of the aggregate amount of Series 2011 Notes issued and sold on such date, against payment of the purchase price thereof by transfer of immediately available U.S. Dollar funds for credit to the Company's account as set forth on Exhibit C hereto. The aggregate amount of Notes that may be issued on any Proposed Issuance Date shall be no less than US$100,000, and any greater amount shall be in even aggregate increments of US$25,000.

1.6. Verified Issuance Notice.

(a) As used herein, "**Verified Issuance Notice**" means a written issuance notification as described in this Section 1.6, certified by a Senior Financial Officer of the Company and delivered to the Current Noteholders by 1:00 pm Eastern time on any Business Day (other than the last Business Day) during the Series 2011 Notes Issuance Period (such written issuance notification shall be delivered to the Current Noteholders via email transmission to the addresses set forth on the Series 2011 Purchaser Schedule, and confirmed by Company personnel by telephone contact with each recipient of such email prior to 1:00 pm on such date), which written issuance notification shall not have been superseded pursuant to Section 1.6(b) hereof. Such written issuance notification shall constitute the Company's irrevocable determination to issue Series 2011 Notes on the Proposed Issuance Date, and shall be prepared, delivered and consist of, and be subject to, the following: (i) the certification by the Company that the representations and warranties contained in Section 4 hereof are true and correct on and as of the date of such certification, that no Default or Event of Default other than the "Specified Defaults" as defined in the Noteholder Forbearance Agreement exist at such time, and that no bankruptcy, CCAA or similar filing has been commenced before or at such time; (ii) the Company shall have previously, in consultation with its financial advisor FTI Consulting Canada Inc. ("**FTI**"), prepared a cash projection on a cash-book basis that is current as of the Monday immediately prior to the date of delivery of such Verified Issuance Notice (or, if such date of delivery is a Monday, such projection shall be current as of such date), the contents of which have been reviewed by FTI and as to which FTI has provided a report substantially in the form set forth as Exhibit D hereto; (iii) such cash projection shall be accompanied by a certificate of a Senior Financial Officer of the Company setting forth the Company's request for additional funds to be met through the issuance of Series 2011 Notes at such time, with the requested amount of such additional funds supported by such cash projection; (iv) such cash projection and such certificate of a Senior Financial Officer of the Company shall be delivered to the Current Noteholders, and the Current Noteholders' financial advisor Richter Consulting ("**Richter**"), by 5:00 pm on the Business Day that is two Business Days immediately prior to the Proposed Issuance Date; (v) Richter shall review such information (A) to determine if it would be willing to deliver a report with respect to such projections that is substantially similar to that delivered by FTI in connection with such projections, and (B) to confirm that the need for the requested additional funds is supported by such cash flow projections; (vi) if

Richter indicates it would be willing to deliver such a report and if Richter concurs that the need for the requested additional funds is supported by such cash flow projections, Richter shall take no further action, and thereafter, if clauses (i) to (v) above have been satisfied or waived, such Series 2011 Notes shall be purchased in accordance with the terms hereof; and (vii) if Richter (A) indicates that it would not be willing to deliver such a report or (B) does not concur that the need for such requested additional funds is supported by such projections, then it shall promptly contact FTI and both advisors shall consult and use reasonable commercial efforts to come to agreement on any discrepancies as quickly as possible. If after such consultation Richter indicates it would be willing to deliver such a report and Richter concurs the need for such requested additional funds is supported by such projections, such Series 2011 Notes shall be purchased in accordance with the terms hereof. For greater clarity, the Current Noteholders acknowledge that Richter has indicated that, with respect to the cash flow projections of the Company dated for the period from the week ended January 7, 2011 through April 1, 2011 (which were delivered to the Current Noteholders on January 13, 2011), it would be willing to deliver a report that is substantially in the form attached hereto as Exhibit D, assuming the cash needs set forth therein are accurate.

(b) If, after such consultation described in Section 1.6(a)(vii), Richter still indicates that it would not be willing to deliver such a report or does not concur that the need for such requested additional funds is supported by such projections, it shall notify the Current Noteholders, by email and telephone as set forth on the Series 2011 Purchaser Schedule, (together with the Company and FTI) prior to 1:00 pm Eastern on the Business Day immediately prior to the Proposed Issuance Date. The Current Noteholders may thereafter inform the Company, prior to 5:00 pm Eastern time on such Business Day, that it will not purchase such Series 2011 Notes on the Proposed Issuance Date, such written issuance notification shall be superseded and the Company shall thereafter not issue and sell such Notes on such Proposed Issuance Date and the Current Noteholders shall have no obligation to purchase any such Notes.

(c) On the date of issuance of any Series 2011 Notes, the Company shall pay to each Current Noteholder an issuance fee equal to one percent (1.00%) of the principal amount of the Series 2011 Notes issued to such Current Holder on such date.

(d) The Company shall be entitled to issue Series 2011 Notes no more than one time during each calendar week.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5 hereof, the Existing Note Agreement is hereby amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Note Agreement Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce you to enter into this Amendment Agreement and to consent to the Note Agreement Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement and the Series 2011 Notes when issued and sold pursuant to this Agreement and the Note Agreement.

4.2. Authorization, etc.

Each of this Amendment Agreement, the Note Agreement and the Notes (including, without limitation, the Series 2011 Notes as and when issued) has been duly authorized by all necessary corporate action on the part of each Obligor, and each constitutes, and upon execution and delivery thereof each Note constitutes or will constitute, as the case may be, a legal, valid and binding obligation of each Obligor, in each case, enforceable against the such Obligor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.3. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors (and the issuance of the Series 2011 Notes by the Company) and compliance by each of the applicable Obligors with its obligations hereunder and thereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement (and the issuance of the Series 2011 Notes by the Company) have been duly authorized by all necessary action on the part of the Obligors, has been (or, in the case of the issuance of the Series 2011 Notes, will be) duly executed and delivered by a duly authorized officer of each applicable Obligor, and constitutes (or, in the case of the issuance of the Series 2011 Notes, will constitute) a legal, valid and binding obligation of the applicable Obligors, enforceable in accordance with their terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the

enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.4. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement, would constitute a Default or an Event of Default, other than the "Specified Defaults" as defined in the Noteholder Forbearance Agreement.

4.5. Benefit of Security.

The obligations of the Obligors in respect of the Note Agreement and the Notes (including, without limitation, the Series 2011 Notes as and when issued) are entitled to the full and ratable benefit of the Security.

5. EFFECTIVENESS OF THE NOTE AGREEMENT AMENDMENTS.

The Note Agreement Amendments shall become effective as of the first date written above (the "**Effective Date**") upon the satisfaction, on or before the Effective Date, of all of the following conditions:

(a) the receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of their various counsels and financial advisor;

(c) the execution, delivery and effectiveness of (i) that certain Omnibus Amendment Agreement by the parties identified therein, substantially in the form of Exhibit B hereto;

(d) the receipt by the Current Noteholders of a Private Placement Number issued by Standard & Poor's CUSIP Service Bureau for the Series 2011 Notes;

(e) the receipt by the Current Noteholders from each member of the Obligor Group of a certificate certifying as to the incumbency of the Persons executing this Agreement and that are authorized to execute the Series 2011 Notes when issued, with copies of such member of the Obligor Group's constitutive documents, as in effect on the Effective Date, and resolutions authorizing its execution and issuance of Series 2011 Notes (or its reaffirmation in respect of its guaranty or any security provided, as the case may be) attached and certified;

(f) the execution, delivery and effectiveness of that certain Noteholder Forbearance Agreement dated as of January 19, 2011 between the Current Noteholders and the Obligors (the "**Noteholder Forbearance Agreement**");

(g) the receipt by the Current Noteholders from (a) Stikeman Elliott LLP, special counsel to the members of the Obligor Group, and (b) Taylor McCaffrey LLP, special counsel to KIP LP, favorable opinions, satisfactory to the Current Noteholders as to such matters as they may reasonably request. Each of the Obligors hereby directs each such counsel to deliver such opinion and understands and agrees that each Current Noteholder will and is hereby authorized to rely on such opinion;

(h) the payment of a commitment fee to the Current Noteholders in the aggregate amount of US$100,000; and

(i) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel.

6. EXPENSES.

Whether or not the Note Agreement Amendments become effective, the Obligors will promptly (and in any event within three Business Days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, and the Current Noteholders' special Canadian counsel, Gowlings, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the date of execution and delivery hereof, pay the fees and expenses of Bingham McCutchen LLP incurred through the date of execution and delivery hereof. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

7. REAFFIRMATION.

Each of the Company and Priszm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Transaction Document to which it is a party, and in the case of Priszm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall continue to remain in full force and effect, and (ii) acknowledges and agrees that such Security Documents and Transaction Documents, and in the case of Priszm Inc., the Kit Inc. Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Notes pursuant to the terms thereof, including, without limitation, the obligations in respect of the Series 2011 Notes.

8. MISCELLANEOUS.

8.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Note Agreement without making specific reference to this

Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

8.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

8.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: Deborah Papernick
Title: CFO

PRISZM INC.

By: _____
Name: Deborah Papernick
Title: CFO

The foregoing Amendment Agreement is hereby accepted as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____
Name: Paul Procyk
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____
Name: Paul Procyk
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____
Name: Paul Procyk
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By: _____
Name: Paul Procyk
Title: Vice President

Annex 1

CURRENT NOTEHOLDERS

The Prudential Insurance Company of America

Pruco Life Insurance Company

Prudential Retirement Insurance and Annuity Company

Exhibit A to 9th Amendment

NOTE AGREEMENT AMENDMENTS

1. Paragraph 2A of the Existing Note Agreement shall be amended to amend and restate the penultimate sentence thereof in its entirety as follows:

> "The terms "Note" and "Notes" as used herein shall include each Series A Note, each Shelf Note and each Series 2011 Note delivered pursuant to any provision of this Agreement and each Note delivered in substitution or exchange for any such Note pursuant to any such provision."

2. Paragraph 4 of the Existing Note Agreement shall be amended by inserting the following new paragraph 4H at the end thereof to read as follows:

> **"4H Certain Terms of the Series 2011 Notes.** On or around January 19, 2011, the Company's senior secured guaranteed promissory notes due January 31, 2011 (as amended from time to time, the **"Series 2011 Notes"**) were authorized within and pursuant to Amendment No. 9 to Note Purchase and Private Shelf Agreement, dated as of January 19, 2011, between the Obligors and the holders of the Notes at such time (the **"9th Amendment"**). As further set forth in the 9th Amendment and herein, such Series 2011 Notes may be issued from time to time and, subject to the terms and conditions contained therein and herein, each such issuance shall be made to the Persons identified on the schedule attached as Annex 1A hereto (the **"Series 2011 Purchaser Schedule"**). The Series 2011 Notes shall: (i) constitute "Notes" for all purposes hereunder and under the other Transaction Documents and the Security Documents, (ii) be denominated in U.S. Dollars and be subject to issue up to a maximum aggregate principal amount of US$4,000,000, (iii) be dated the date of issue thereof, (iv) mature on January 31, 2011, (v) bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 10.00% *per annum* and on overdue principal and overdue interest at the Default Rate, (vi) be subject to prepayment in full together with all accrued interest thereon at any time without penalty or premium and without payment of a Yield-Maintenance Amount upon at least 5 Business Days notice to the holders thereof, and (vii) be substantially in the form attached as Exhibit A-3 hereto."

3. Paragraph 8I of the Existing Note Agreement shall be amended by inserting the following sentence at the end of Paragraph 8I to read as follows:

> "Notwithstanding the first sentence of this paragraph 8I, the use of the proceeds from the issuance of the Series 2011 Notes shall be for the general corporate purposes of the Obligors."

4. Paragraph 11B of the Existing Note Agreement shall be amended by inserting each of the following defined terms in their respective alphabetical locations within such Paragraph 11B:

""**9th Amendment**" shall have the meaning specified in paragraph 4H."

""**Series 2011 Notes**" shall have the meaning specified in paragraph 4H."

""**Series 2011 Purchaser Schedule**" shall have the meaning specified in paragraph 4H."

5. The Annexes to the Existing Note Agreement shall be amended by inserting a new Annex entitled "Annex 1A to Note Agreement" immediately following Annex 1 to the Existing Note Agreement as is set forth on the following page:

"

Annex 1A to Note Agreement

SERIES 2011 PURCHASER SCHEDULE

	Percentage of each issuance of Series 2011 Notes	Maximum aggregate principal amount of Series 2011 Notes
The Prudential Insurance Company of America	___%	US$_____
Pruco Life Insurance Company	___%	US$_____
Prudential Retirement Insurance and Annuity Company	___%	US$_____

****

Contact Persons and email addresses for delivery of Verified Issuance Notice:

Paul Procyk: paul.procyk@prudential.com (973 367 3279)

Bobby Kofman: rkofman@rsmrichter.com (416 932 6228)

Scott Falk: scott.falk@bingham.com (860 240 2763) "

6. The Exhibits to the Existing Note Agreement shall be amended by inserting a new Exhibit entitled "Exhibit A-3 to Note Agreement" immediately following Exhibit A-2(ii) to the Existing Note Agreement as is set forth on the following page:

"

EXHIBIT A-3 to Note Agreement

[FORM OF SERIES 2011 NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY BE RESOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE SECURITIES ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH AN EXEMPTION IS REQUIRED BY LAW.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [_____] [4 MONTHS AND A DAY AFTER THE DATE OF ISSUANCE].

KIT FINANCE INC.

10.00% SERIES 2011 SENIOR SECURED GUARANTEED NOTE DUE JANUARY 31, 2011

No. R2011-[___] **PPN: _____**

US$[_____] **[DATE]**

FOR VALUE RECEIVED, the undersigned, **KIT FINANCE INC.**, a corporation organized and existing under the laws of the province of Alberta (the "**Company**"), hereby promises to pay to [_____] or registered assigns, the principal sum of [_____] **U.S. DOLLARS (US$[_____])** on January 31, 2011, with interest (computed on the basis of a 360-day year, 30-day month) (a) subject to clause (b), on the unpaid balance thereof from the date of this Note at the rate of 10.00% per annum, payable monthly, on the last day of each month, commencing with the next monthly payment date succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) following the occurrence and during the continuance of an Event of Default and in accordance with paragraphs 4G and 7A of the Note Agreement (as hereinafter defined), payable monthly as aforesaid (or, at the option of the registered holder hereof, on demand), on the unpaid balance of the principal and any overdue payment of interest at a rate per annum from time to time equal to the Default Rate.

Payments of principal of, and interest on, this Note are to be made at the main office of JP Morgan Chase Bank in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is a Series 2011 Note (as such term is defined in the Note Agreement defined below) and is a "Note" as defined therein and is issued pursuant to and governed by that certain Note Purchase and Private Shelf Agreement, dated as of January 12, 2006 (as amended from time to time, herein called the "**Note Agreement**"), between the Company and Priszm Inc., on the one hand, and the Persons identified as purchasers on the Series 2011 Purchaser Schedule attached as Annex 1A thereto, on the other hand, and is entitled to the benefits thereof. As provided in the Note Agreement, this Note is subject to prepayment, in whole or from time to time in part on the terms specified in the Note Agreement. Defined terms used but not defined herein shall have the meanings ascribed to them in the Note Agreement.

Interest on this Note shall be computed on the basis of a 360-day year of twelve 30-day months. Solely for the purposes of any legislation respecting the statement of interest rates, the yearly rate of interest to which interest calculated for a period of less than one year on the basis of a year of 360 days consisting of twelve 30-day periods is equivalent, is such rate of interest multiplied by a fraction of which (i) the numerator is the product of (A) the actual number of days in the year commencing on the first day of such period, multiplied by (B) the sum of (y) the product of 30 multiplied by the number of completed months elapsed in such period and (z) the actual number of days elapsed in any incomplete month in such period; and (ii) the denominator is the product of (a) 360 multiplied by (b) the actual number of days in such period.

The theory of "deemed reinvestment" shall not apply to the computation of interest and no allowance, reduction or deduction shall be made for the deemed reinvestment of interest in respect of any payments. Calculation of interest shall be made using the nominal rate method, and not the effective rate method, of calculation.

This Note is secured by, and entitled to the benefits of, the collateral described in the Security Documents. Reference is made to the Security Documents for the terms and conditions governing the collateral security for the obligations of the Company hereunder.

Payment of the principal of and interest on this Note has been guaranteed by Priszm Inc., KIT LP, the Fund and the Operating Trust in accordance with the terms of the KIT Guarantees and by the Subsidiary Guarantors in accordance with the terms of the Subsidiary Guarantees.

This Note is a registered Note and, as provided in and subject to the terms of the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the Transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default (other than a Specified Default), each as defined in the Note Agreement and/or the Noteholder Forbearance Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price and with the effect provided in the Note Agreement.

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE.

KIT FINANCE INC.

By: _____

Name:
Title:

"

Exhibit B to 9th Amendment

FORM OF OMNIBUS AMENDMENT AGREEMENT

Exhibit C to 9th Amendment

Company wire transfer account information

FOR WIRE TRANSFERS IN U.S. DOLLARS

DESTINATION:	**CHASUS33**
(IBK)	**CHASE MANHATTAN BANK**
	NEW YORK, NY
	ABA 021000021
PAY TO BANK:	**ROYCCAT2**
(BBK)	**ROYAL BANK OF CANADA**
	TORONTO ONTARIO
	UID 055253
BENEFICIARY:	**/00002 4053435 (branch and account)**
(BNF)	**PRISZM LP**

Exhibit D to 9th Amendment

Form of FTI report on cash flow projections

FTI Consulting Canada Inc. ("FTI Consulting") hereby reports as follows:

1. The attached cash flow forecast (the "Forecast") has been prepared by the management of KIT FINANCE INC. and PRISZM INC. (collectively, "Priszm") for the purpose described in Note 1, using the Probable and Hypothetical Assumptions set out in Notes 2 to __.

2. FTI Consulting's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Priszm. Since Hypothetical Assumptions need not be supported, FTI Consulting's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Forecast. FTI Consulting has also reviewed the support provided by management of the Priszm for the Probable Assumptions, and the preparation and presentation of the Forecast.

3. Based on its review, nothing has come to the attention of FTI Consulting that causes it to believe that, in all material respects:

   a. the Hypothetical Assumptions are not consistent with the purpose of the Forecast;

   b. as at the date of this report, the Probable Assumptions developed by management are not suitably supported and consistent with the plans of the Priszm or do not provide a reasonable basis for the Forecast, given the Hypothetical Assumptions; or

   c. the Forecast does not reflect the Probable and Hypothetical Assumptions.

4. Since the Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, FTI Consulting expresses no assurance as to whether the Forecast will be achieved. FTI Consulting expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by FTI Consulting in preparing this report.

5. The Forecast has been prepared solely for the purpose described in Note 1 on the face of the Forecast, and readers are cautioned that it may not be appropriate for other purposes.

KIT FINANCE INC.

AMENDMENT NO. 10 TO NOTE PURCHASE AND

PRIVATE SHELF AGREEMENT

As of February 1, 2011

To each of the Current Noteholders
Named in Annex 1 hereto

Ladies and Gentlemen:

KIT FINANCE INC., an Alberta corporation (together with its successors and assigns, the "**Company**"), and **PRISZM INC.**, a Canadian corporation formerly known as "KIT Inc." (together with its successors and assigns, "**Priszm Inc.**", and together with the Company, collectively, the "**Obligors**"), each hereby agrees with you as follows:

1. PRELIMINARY MATTERS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes originally due January 13, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**"), (b) C$2,036,700 of its Shelf Notes (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**") and (c) US$3,700,000 of its senior secured guaranteed promissory notes originally due January 31, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Initial Series 2011 Notes**" and, together with the Series A Notes and the Shelf Notes, collectively, the "**Existing Notes**") pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto, as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009, (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009, (viii) Waiver and Amendment No. 8 to Note Purchase and Private Shelf Agreement dated as of March 12, 2010, and (ix) Amendment No. 9 to Note Purchase and Private Shelf Agreement ("**Amendment No. 9**") dated as of January 19, 2011 (as so amended, the "**Existing Note Agreement**"; and as amended by this Amendment No. 10 to Note Purchase and Private Shelf Agreement (together with all Annexes, Exhibits, Schedules and attachments hereto, this "**Amendment Agreement**" or this "**Agreement**"), the "**Note**

Agreement"). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the "**Current Noteholders**") are currently the holders of the entire outstanding principal amount of the Existing Notes.

1.2. Requested Actions.

The Obligors have requested that the Current Noteholders amend certain provisions of the Existing Note Agreement, and that the Current Noteholders conditionally agree to purchase a new series of promissory notes, all as more particularly provided herein.

1.3. Authorization of Issue of Second Series 2011 Notes.

The Company has authorized the issue and sale of its senior secured guaranteed promissory notes (as may be amended, restated, replaced or otherwise modified from time to time, the "**Second Series 2011 Notes**" and, together with the Initial Series 2011 Notes, the "**Series 2011 Notes**"; the Second Series 2011 Notes, together with the Existing Notes, the "**Notes**") in the maximum aggregate principal amount of up to US$2,900,000 at any time, to be dated the date of issue thereof, to mature May 20, 2011, to bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 10.00% *per annum* and on overdue principal and overdue interest at the rate specified in the Note Agreement, to have such other terms as are provided in the Note Agreement, and to be substantially in the form attached as Exhibit A-4 to the Note Agreement. For the avoidance of doubt, and subject to the terms and conditions provided herein and in the Note Agreement, the Second Series 2011 Notes shall be issued and sold to the Current Noteholders from time to time as provided herein and in the Note Agreement, ratably to each Current Noteholder based on the percentage of each such Second Series 2011 Note as set forth in the Second Series 2011 Purchaser Schedule (defined below); subject to the terms and conditions contained herein and in the Note Agreement, the Company shall be entitled to issue Second Series 2011 Notes, and the Current Noteholders shall be obligated to purchase such Second Series 2011 Notes, from the Effective Date through May 13, 2011 (the "**Second Series 2011 Notes Issuance Period**"). In no event shall the aggregate principal amount of all Second Series 2011 Notes outstanding at any time hereunder and under the Note Agreement exceed US$2,900,000 at any time. For the avoidance of doubt, the obligation of each Noteholder to purchase any Second Series 2011 Note at any time shall be limited so that any such proposed issuance or purchase would not cause the aggregate principal amount of Second Series 2011 Notes outstanding to exceed US$2,900,000. The terms "**Second Series 2011 Note**" and "**Second Series 2011 Notes**" as used herein shall include each Second Series 2011 Note delivered pursuant to any provision of this Agreement and each Second Series 2011 Note delivered in substitution or exchange for any such Second Series 2011 Note pursuant to any such provision. Each of the Second Series 2011 Notes shall constitute a "Note" for all purposes, including under the Note Agreement, the other Transaction Documents and the Security Documents.

1.4. Purchase and Sale of Second Series 2011 Notes.

Subject to the terms and conditions set forth herein and in the Note Agreement, the Company may (but shall not be obligated to) issue and sell to each Current Noteholder, and each Current Noteholder agrees to purchase from the Company during the Second Series 2011 Notes

Issuance Period, Second Series 2011 Notes up to an amount outstanding at any time as is set forth opposite its name on the Second Series 2011 Purchaser Schedule attached as Annex 1B to the Note Agreement (the "**Second Series 2011 Purchaser Schedule**"), at 100% of such aggregate principal amount from time to time.

1.5. Purchase and Sale Mechanics.

On any Business Day during the Second Series 2011 Notes Issuance Period, the Obligors may, by delivery to the Current Holders of a Verified Issuance Notice (as defined below) prior to 1:00 pm Eastern time, inform the Current Holders of its intention to issue Second Series 2011 Notes on the immediately following Business Day (such immediately following Business Day with respect to such Verified Issuance Notice is herein referred to as a "**Proposed Issuance Date**"). On such Proposed Issuance Date, the Obligors shall execute and deliver to each Current Noteholder at the offices of Prudential Capital Group in New York, NY (and any other such location directed by the Current Noteholders), a Second Series 2011 Note registered in its name, dated the date of issuance, evidencing the principal amount of such Second Series 2011 Note to be purchased by such Current Noteholder (denominated in U.S. Dollars), which principal amount shall constitute the respective percentage (as set forth in the Second Series 2011 Purchaser Schedule) for such Current Holder of the aggregate amount of Second Series 2011 Notes issued and sold on such date, against payment of the purchase price thereof by transfer of immediately available U.S. Dollar funds for credit to the Company's account as set forth on Exhibit C hereto. The aggregate amount of Notes that may be issued on any Proposed Issuance Date shall be no less than US$100,000, and any greater amount shall be in even aggregate increments of US$25,000.

1.6. Verified Issuance Notice.

(a) As used herein, "**Verified Issuance Notice**" means a written issuance notification as described in this Section 1.6, certified by a Senior Financial Officer of the Company and delivered to the Current Noteholders by 1:00 pm Eastern time on any Business Day (other than the last Business Day) during the Second Series 2011 Notes Issuance Period (such written issuance notification shall be delivered to the Current Noteholders via email transmission to the addresses set forth on the Second Series 2011 Purchaser Schedule, and confirmed by Company personnel by telephone contact with each recipient of such email prior to 1:00 pm on such date), which written issuance notification shall not have been superseded pursuant to Section 1.6(b) hereof. Such written issuance notification shall constitute the Company's irrevocable determination to issue Second Series 2011 Notes on the Proposed Issuance Date, and shall be prepared, delivered and consist of, and be subject to, the following: (i) the certification by the Company that the representations and warranties contained in Section 4 hereof are true and correct on and as of the date of such certification, that no Default or Event of Default other than the "Specified Defaults" as defined in the Noteholder Forbearance Agreement exist at such time, and that no bankruptcy, CCAA or similar filing has been commenced before or at such time; (ii) the Company shall have previously, in consultation with its financial advisor FTI Consulting Canada Inc. ("**FTI**"), prepared a cash projection on a cash-book basis that is current as of the Monday immediately prior to the date of delivery of such Verified Issuance Notice (or, if such date of delivery is a Monday, such

projection shall be current as of such date), the contents of which have been reviewed by FTI and as to which FTI has provided a report substantially in the form set forth as Exhibit D hereto; (iii) such cash projection shall be accompanied by a certificate of a Senior Financial Officer of the Company setting forth the Company's request for additional funds to be met through the issuance of Second Series 2011 Notes at such time, with the requested amount of such additional funds supported by such cash projection; (iv) such cash projection and such certificate of a Senior Financial Officer of the Company shall be delivered to the Current Noteholders, and the Current Noteholders' financial advisor RSM Richter Corporation ("**Richter**"), by 5:00 pm on the Business Day that is two Business Days immediately prior to the Proposed Issuance Date; (v) Richter shall review such information (A) to determine if it would be willing to deliver a report with respect to such projections that is substantially similar to that delivered by FTI in connection with such projections, and (B) to confirm that the need for the requested additional funds is supported by such cash flow projections; (vi) if Richter indicates it would be willing to deliver such a report and if Richter concurs that the need for the requested additional funds is supported by such cash flow projections, Richter shall take no further action, and thereafter, if clauses (i) to (v) above have been satisfied or waived, such Second Series 2011 Notes shall be purchased in accordance with the terms hereof; and (vii) if Richter (A) indicates that it would not be willing to deliver such a report or (B) does not concur that the need for such requested additional funds is supported by such projections, then it shall promptly contact FTI and both advisors shall consult and use reasonable commercial efforts to come to agreement on any discrepancies as quickly as possible. If after such consultation Richter indicates it would be willing to deliver such a report and Richter concurs the need for such requested additional funds is supported by such projections, such Second Series 2011 Notes shall be purchased in accordance with the terms hereof. For greater clarity, the Current Noteholders acknowledge that Richter has indicated that, with respect to the cash flow projections of the Company dated for the period from the week ended January 7, 2011 through April 1, 2011 (which were delivered to the Current Noteholders on January 13, 2011), it would be willing to deliver a report that is substantially in the form attached hereto as Exhibit D, assuming the cash needs set forth therein are accurate.

(b) If, after such consultation described in Section 1.6(a)(vii), Richter still indicates that it would not be willing to deliver such a report or does not concur that the need for such requested additional funds is supported by such projections, it shall notify the Current Noteholders, by email and telephone as set forth on the Second Series 2011 Purchaser Schedule, (together with the Company and FTI) prior to 1:00 pm Eastern on the Business Day immediately prior to the Proposed Issuance Date. The Current Noteholders may thereafter inform the Company, prior to 5:00 pm Eastern time on such Business Day, that it will not purchase such Second Series 2011 Notes on the Proposed Issuance Date, such written issuance notification shall be superseded and the Company shall thereafter not issue and sell such Notes on such Proposed Issuance Date and the Current Noteholders shall have no obligation to purchase any such Notes.

(c) On the date of issuance of any Second Series 2011 Notes, the Company shall pay to each Current Noteholder an issuance fee equal to one percent (1.00%) of the principal amount of the Second Series 2011 Notes issued to such Current Holder on such

date, up to an aggregate issuance fee for the Second Series 2011 Notes of US$29,000, after receipt of which no additional issuance fee shall be due and payable in connection with the issuance of Second Series 2011 Notes.

(d) The Company shall be entitled to issue Second Series 2011 Notes no more than one time during each calendar week.

1.7. Required Prepayments of the Series 2011 Notes.

(a) On each Wednesday during the Forbearance Period the Obligors will make a payment on the Series 2011 Notes in the aggregate amount of the Excess Cash Amount determined at such time (which payment shall be applied to the Series 2011 Notes in the manner set forth in Section 1.7(c) hereof). As used herein, the term **"Excess Cash Amount"** means, as of any Wednesday, the excess, if any, of (1) the Obligors' cash balance as of the immediately preceding Friday over (2) US$2,000,000. Notwithstanding the foregoing (x) the calculation of Excess Cash Amount shall be reduced by (i) the maximum amount of Notes that the Obligors could have issued to the Noteholders by delivery of a Verified Issuance Notice on such Wednesday and (ii) the additional cash amount required (beyond such balance of $2,000,000) to pay current-week disbursements in accordance with the Obligors' cash flow projections, (y) the amount of such payment shall be rounded (up or down) to the nearest increment of US$25,000, and (z) a prepayment need not be made hereunder if the aggregate amount of such payment would be less than US$100,000.

(b) The Obligors shall provide notice of any payment to be made pursuant to Section 1.7(a) as soon as practicable but in no event later than the time of such payment, by delivery to the Noteholders of a notice of payment (such notice to be delivered to the Persons, and via the email addresses with telephone confirmations, provided herein with respect to delivery of a Verified Issuance Notice for a new issuance of Second Series 2011 Notes) specifying the Excess Cash Amount and accompanied by the Obligors' detailed calculation of such amount.

(c) Each payment received pursuant to this Section 1.7 shall be applied *first*, to the outstanding Second Series 2011 Notes, to principal and interest accrued and unpaid thereon until the amount of such payment is exhausted, applied ratably with respect to all such Second Series 2011 Notes held by all Noteholders, to the extent of all of the outstanding principal amount of Second Series 2011 Notes at such time, and *thereafter*, to the outstanding Initial Series 2011 Notes, to principal and interest accrued and unpaid thereon until the amount of such payment is exhausted, applied ratably with respect to all such Initial Series 2011 Notes held by all Noteholders, to the extent of all of the outstanding principal amount of Initial Series 2011 Notes at such time. Subject to compliance with the terms and conditions of issuance contained herein with respect to the Second Series 2011 Notes, following prepayment as required by this Section 1.7, additional Second Series 2011 Notes may be issued pursuant hereto (provided that at no time may more than US$2,900,000 of principal amount of Second Series 2011 Notes be outstanding at any time). For the avoidance of doubt, following a prepayment of the Initial Series 2011 Notes required by this Section 1.7, no Initial Series 2011 Notes may be issued or re-issued.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Note Agreement.

3. AMENDMENTS TO EXISTING NOTE AGREEMENT.

Subject to Section 5 hereof, the Existing Note Agreement is hereby amended as provided for by this Amendment Agreement in the manner specified in Exhibit A (the "**Note Agreement Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

To induce you to enter into this Amendment Agreement and to consent to the Note Agreement Amendments, each of the Obligors represents and warrants as follows:

4.1. Organization, Power and Authority, etc.

Each Obligor is a corporation duly organized and existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to enter into and perform its obligations under this Amendment Agreement and the Second Series 2011 Notes when issued and sold pursuant to this Agreement and the Note Agreement.

4.2. Authorization, etc.

Each of this Amendment Agreement, the Note Agreement and the Notes (including, without limitation, the Second Series 2011 Notes as and when issued) has been duly authorized by all necessary corporate action on the part of each Obligor, and each constitutes, and upon execution and delivery thereof each Note constitutes or will constitute, as the case may be, a legal, valid and binding obligation of each Obligor, in each case, enforceable against the such Obligor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.3. Legal Validity.

(a) The execution and delivery of this Amendment Agreement by each of the Obligors (and the issuance of the Second Series 2011 Notes by the Company) and compliance by each of the applicable Obligors with its obligations hereunder and thereunder: (i) are within the powers of such Obligor; and (ii) are legal and do not conflict with, result in any breach of, constitute a default under, or result in the creation of any Lien upon any property of such Obligor under the provisions of: (1) any charter instrument or bylaw to which such Obligor is a party or by which such Obligor or any of its property may be bound; (2) any order, judgment, decree or ruling of any court, arbitrator or governmental authority applicable to such Obligor or its property; or (3) any agreement or instrument to which such Obligor is a party or by which such Obligor or

any of its property may be bound or any statute or other rule or regulation of any governmental authority applicable to such Obligor or its property.

(b) This Amendment Agreement (and the issuance of the Second Series 2011 Notes by the Company) have been duly authorized by all necessary action on the part of the Obligors, has been (or, in the case of the issuance of the Second Series 2011 Notes, will be) duly executed and delivered by a duly authorized officer of each applicable Obligor, and constitutes (or, in the case of the issuance of the Second Series 2011 Notes, will constitute) a legal, valid and binding obligation of the applicable Obligors, enforceable in accordance with their terms, except that enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to the availability of equitable remedies.

4.4. No Defaults.

No event has occurred and no condition exists that, upon the execution and delivery of this Amendment Agreement, would constitute a Default or an Event of Default, other than the "Specified Defaults" as defined in the Noteholder Forbearance Agreement.

4.5. Benefit of Security.

The obligations of the Obligors in respect of the Note Agreement and the Notes (including, without limitation, the Second Series 2011 Notes as and when issued) are entitled to the full and ratable benefit of the Security.

5. EFFECTIVENESS OF THE NOTE AGREEMENT AMENDMENTS.

The Note Agreement Amendments shall become effective as of the first date written above (the "**Effective Date**") upon the satisfaction, on or before the Effective Date, of all of the following conditions:

(a) the receipt by each of the Obligors of the duly executed and delivered written consent to this Amendment Agreement by the Current Noteholders and receipt by Prudential and the Current Noteholders of the duly executed and delivered written consent to this Amendment Agreement from each of the Obligors;

(b) the payment by the Obligors of all legal fees and disbursements incurred by the Current Noteholders, including without limitation the fees and expenses of their various counsels and financial advisor;

(c) the receipt by the Current Noteholders of a Private Placement Number issued by Standard & Poor's CUSIP Service Bureau for the Second Series 2011 Notes;

(d) the receipt by the Current Noteholders from each member of the Obligor Group of a certificate certifying as to the incumbency of the Persons executing this Agreement and that are authorized to execute the Second Series 2011 Notes when issued, with copies of such member of the Obligor Group's constitutive documents, as in effect

on the Effective Date, and resolutions authorizing its execution and issuance of Second Series 2011 Notes (or its reaffirmation in respect of its guaranty or any security provided, as the case may be) attached and certified;

(e) the execution, delivery and effectiveness of that certain Noteholder Forbearance Agreement dated as of February 1, 2011 between the Current Noteholders and the Obligors (the "**Noteholder Forbearance Agreement**");

(f) the receipt by the Current Noteholders from (a) Stikeman Elliott LLP, special counsel to the members of the Obligor Group, and (b) Taylor McCaffrey LLP, special counsel to KIP LP, favorable opinions, satisfactory to the Current Noteholders as to such matters as they may reasonably request. Each of the Obligors hereby directs each such counsel to deliver such opinion and understands and agrees that each Current Noteholder will and is hereby authorized to rely on such opinion; and

(g) all documents and papers relating to this Amendment Agreement shall be satisfactory to the Current Noteholders and their counsel.

6. EXPENSES.

Whether or not the Note Agreement Amendments become effective, the Obligors will promptly (and in any event within three Business Days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating to this Amendment Agreement, including, but not limited to, the reasonable fees of the Current Noteholders' special counsel, Bingham McCutchen LLP, and the Current Noteholders' special Canadian counsel, Gowlings, incurred in connection with the preparation, negotiation and delivery of the Amendment Agreement and any other documents related thereto. Notwithstanding the foregoing, the Company will on the date of execution and delivery hereof, pay the fees and expenses of Bingham McCutchen LLP incurred through the date of execution and delivery hereof. Nothing in this Section shall limit the obligations of the Obligors pursuant to paragraph 14B of the Existing Note Agreement.

7. REAFFIRMATION.

Each of the Company and Priszm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Transaction Document to which it is a party, including, without limitation, the Omnibus Amendment Agreement, and in the case of Priszm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall continue to remain in full force and effect, and (ii) acknowledges and agrees that such Security Documents and Transaction Documents, including, without limitation, the Omnibus Amendment Agreement, and in the case of Priszm Inc., the Kit Inc. Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Notes pursuant to the terms thereof, including, without limitation, the obligations in respect of the Second Series 2011 Notes.

8. MISCELLANEOUS.

8.1. Part of Existing Note Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Note Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Note Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

8.2. Counterparts; Effectiveness.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile or electronic transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

8.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among each of you and each of the Obligors.

KIT FINANCE INC.

By: _____
Name: Deborah Papernick
Title: CFO

PRISZM INC.

By: _____
Name: Deborah Papernick
Title: CFO

The foregoing Amendment Agreement is hereby accepted as of the date first above written..

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____
Name: Paul Procyk
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____
Name: Paul Procyk
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____
Name: Paul Procyk
Title: Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., its investment manager

By: _____
Name: Paul Procyk
Title: Vice President

[Signature page to Amendment No 10 to Note Purchase and Private Shelf Agreement]

Annex 1

CURRENT NOTEHOLDERS

The Prudential Insurance Company of America

Pruco Life Insurance Company

Prudential Retirement Insurance and Annuity Company

Exhibit A to 10th Amendment

NOTE AGREEMENT AMENDMENTS

1. Paragraph 2A of the Existing Note Agreement shall be amended to amend and restate the penultimate sentence thereof in its entirety as follows:

> "The terms "Note" and "Notes" as used herein shall include each Series A Note, each Shelf Note, each Series 2011 Note and each Second Series 2011 Note delivered pursuant to any provision of this Agreement and each Note delivered in substitution or exchange for any such Note pursuant to any such provision."

2. Paragraph 4 of the Existing Note Agreement shall be amended by inserting the following new paragraph 4I at the end thereof to read as follows:

> "**4I Certain Terms of the Second Series 2011 Notes.** On or around February 1, 2011, the Company's senior secured guaranteed promissory notes due May 20, 2011 (as amended from time to time, the "**Second Series 2011 Notes**") were authorized within and pursuant to Amendment No. 10 to Note Purchase and Private Shelf Agreement, dated as of February 1, 2011, between the Obligors and the holders of the Notes at such time (the "**10th Amendment**"). As further set forth in the 10th Amendment and herein, such Second Series 2011 Notes may be issued from time to time and, subject to the terms and conditions contained therein and herein, each such issuance shall be made to the Persons identified on the schedule attached as Annex 1B hereto (the "**Second Series 2011 Purchaser Schedule**"). The Second Series 2011 Notes shall: (i) constitute "Notes" for all purposes hereunder and under the other Transaction Documents and the Security Documents, (ii) be denominated in U.S. Dollars and be subject to issue up to a maximum aggregate principal amount of US$2,900,000, (iii) be dated the date of issue thereof, (iv) mature on May 20, 2011, (v) bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 10.00% *per annum* and on overdue principal and overdue interest at the Default Rate, (vi) be subject to prepayment in full together with all accrued interest thereon at any time without penalty or premium and without payment of a Yield-Maintenance Amount upon at least 5 Business Days notice to the holders thereof, and (vii) be substantially in the form attached as Exhibit A-4 hereto."

3. The Existing Note Agreement shall be amended by changing each reference therein to a maturity date of any outstanding Note to a maturity date of May 20, 2011.

4. Each Note that is outstanding on the Effective Date shall hereby be amended, without any other action required on the part of any Obligor or any other

Person, so that each reference therein to a maturity date shall be amended to be a reference to a maturity date of May 20, 2011.

5. Each form of Note that is affixed to the Note Agreement as Exhibit A-1, Exhibit A-2 and Exhibit A-3 shall be amended so that each reference therein to a maturity date shall be amended to be a reference to a maturity date of May 20, 2011.

6. Paragraph 8I of the Existing Note Agreement shall be amended by inserting the following sentence at the end of Paragraph 8I to read as follows:

> "Notwithstanding the first sentence of this paragraph 8I, the use of the proceeds from the issuance of the Second Series 2011 Notes shall be for the general corporate purposes of the Obligors."

7. Paragraph 11B of the Existing Note Agreement shall be amended by inserting each of the following defined terms in their respective alphabetical locations within such Paragraph 11B:

""**Second Series 2011 Notes**" shall have the meaning specified in paragraph 4I."

""**Second Series 2011 Purchaser Schedule**" shall have the meaning specified in paragraph 4I."

""**10th Amendment**" shall have the meaning specified in paragraph 4I."

8. The Annexes to the Existing Note Agreement shall be amended by inserting a new Annex entitled "Annex 1B to Note Agreement" immediately following Annex 1A to the Existing Note Agreement as is set forth on the following page:

Annex 1B to Note Agreement

SECOND SERIES 2011 PURCHASER SCHEDULE

	Aggregate Principal Amount of Notes to be Purchased	Percentage of each issuance of Second Series 2011 Notes
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	$2,477,609.56	85.43481%

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Account Name: Prudential Managed Portfolio
Account No.: P86188 (please do not include spaces)

JPMorgan Chase Bank
New York, NY
ABA No.: 021-000-021

Each such wire transfer shall set forth the name of the Company, a reference to "[Description of Notes], PPN _____" and the due date and application (as among principal and interest) of the payment being made.

(2) Address for all notices relating to payments:

The Prudential Insurance Company of America
c/o Investment Operations Group
Gateway Center Two, 10th Floor
100 Mulberry Street
Newark, NJ 07102-4077

Attention: Manager, Billings and Collections

(3) Address for all other communications and notices:

The Prudential Insurance Company of America

c/o Prudential Capital Group - Corporate and Project Workouts
Three Gateway Center, 18th Floor
100 Mulberry Street
Newark, NJ 07102

Attention: Managing Director

(4) Recipient of telephonic prepayment notices:

Manager, Trade Management Group
Telephone: (973) 367-3141
Facsimile: (888) 889-3832

(5) Contact Persons and email addresses for delivery of Verified Issuance Notice:

Paul Procyk: paul.procyk@prudential.com (973-367-3279)
Bobby Kofman: rkofman@rsmrichter.com (416-932-6228)
Scott Falk: scott.falk@bingham.com (860-240-2763)

(6) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
1114 Avenue of the Americas, 30th Floor
New York, NY 10036

Attention: Thais M. Alexander, Esq.
Telephone: (212) 626-2067

(7) Tax Identification No.: 22-1211670

PURCHASER SCHEDULE

	Aggregate Principal Amount of Notes to be Purchased	Percentage of each issuance of Second Series 2011 Notes
PRUCO LIFE INSURANCE COMPANY	$349,027.88	12.03544%

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank
New York, NY
ABA No.: 021-000-021
Account No.: P86192 (please do not include spaces)
Account Name: Pruco Life Private Placement

Each such wire transfer shall set forth the name of the Company, a reference to "[Description of Notes], PPN _____", and the due date and application (as among principal and interest) of the payment being made.

(2) Address for all notices relating to payments:

Pruco Life Insurance Company
c/o The Prudential Insurance Company of America
c/o Investment Operations Group
Gateway Center Two, 10th Floor
100 Mulberry Street
Newark, NJ 07102-4077

Attention: Manager, Billings and Collections

(3) Address for all other communications and notices:

Pruco Life Insurance Company
c/o Prudential Capital Group - Corporate and Project Workouts
Three Gateway Center, 18th Floor
100 Mulberry Street
Newark, NJ 07102

Attention: Managing Director

(4) Recipient of telephonic prepayment notices:

Manager, Trade Management Group
Telephone: (973) 367-3141
Facsimile: (888) 889-3832

(5) Contact Persons and email addresses for delivery of Verified Issuance Notice:

Paul Procyk: paul.procyk@prudential.com (973-367-3279)
Bobby Kofman: rkofman@rsmrichter.com (416-932-6228)
Scott Falk: scott.falk@bingham.com (860-240-2763)

(6) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
1114 Avenue of the Americas, 30th Floor
New York, NY 10036

Attention: Thais M. Alexander, Esq.
Telephone: (212) 626-2067

(7) Tax Identification No.: 22-1944557

PURCHASER SCHEDULE

	Aggregate Principal Amount of Notes to be Purchased	Percentage of each issuance of Second Series 2011 Notes
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY	$73,362.56	2.52974%

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JP Morgan Chase Bank
New York, NY
ABA No. 021000021

Account Name: PRIAC
Account No. P86329 (please do not include spaces)

Each such wire transfer shall set forth the name of the Company, a reference to "[Description of Notes], PPN _____" and the due date and application (as among principal and interest) of the payment being made.

(2) Address for all notices relating to payments:

Prudential Retirement Insurance and Annuity Company
c/o Prudential Investment Management, Inc.
Private Placement Trade Management
PRIAC Administration
Gateway Center Four, 7th Floor
100 Mulberry Street
Newark, NJ 07102
Telephone: (973) 802-8107
Facsimile: (888) 889-3832

(3) Address for all other communications and notices:

Prudential Retirement Insurance and Annuity Company
c/o Prudential Capital Group – Corporate Project and Workouts

Three Gateway Center, 18th Floor
Newark, NJ 07102

Attention: Managing Director

(4) Contact Persons and email addresses for delivery of Verified Issuance Notice:

Paul Procyk: paul.procyk@prudential.com (973-367-3279)
Bobby Kofman: rkofman@rsmrichter.com (416-932-6228)
Scott Falk: scott.falk@bingham.com (860-240-2763)

(5) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
1114 Avenue of the Americas, 30th Floor
New York, NY 10036

Attention: Thais M. Alexander, Esq.
Telephone: (212) 626-2067

(6) Tax Identification No.: 06-1050034

"

9. The Exhibits to the Existing Note Agreement shall be amended by inserting a new Exhibit entitled "Exhibit A-4 to Note Agreement" immediately following Exhibit A-3 to the Existing Note Agreement as is set forth on the following page:

EXHIBIT A-4 to Note Agreement

[FORM OF SECOND SERIES 2011 NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY BE RESOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE SECURITIES ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH AN EXEMPTION IS REQUIRED BY LAW.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [_____] [4 MONTHS AND A DAY AFTER THE DATE OF ISSUANCE].

KIT FINANCE INC.

10.00% SECOND SERIES 2011 SENIOR SECURED GUARANTEED NOTE DUE MAY 20, 2011

No. R2-2011-[___] PPN: _____

US$[_____] [DATE]

FOR VALUE RECEIVED, the undersigned, KIT FINANCE INC., a corporation organized and existing under the laws of the province of Alberta (the "**Company**"), hereby promises to pay to [_____] or registered assigns, the principal sum of [_____] U.S. DOLLARS (US$[_____]) on May 20, 2011, with interest (computed on the basis of a 360-day year, 30-day month) (a) subject to clause (b), on the unpaid balance thereof from the date of this Note at the rate of 10.00% per annum, payable monthly, on the last day of each month, commencing with the next monthly payment date succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) following the occurrence and during the continuance of an Event of Default and in accordance with paragraphs 4G and 7A of the Note Agreement (as hereinafter defined), payable monthly as aforesaid (or, at the option of the registered holder hereof, on demand), on the unpaid balance of the principal and any overdue payment of interest at a rate per annum from time to time equal to the Default Rate.

Payments of principal of, and interest on, this Note are to be made at the main office of JP Morgan Chase Bank in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is a Second Series 2011 Note (as such term is defined in the Note Agreement defined below) and is a "Note" as defined therein and is issued pursuant to and governed by that certain Note Purchase and Private Shelf Agreement, dated as of January 12, 2006 (as amended from time to time, herein called the "**Note Agreement**"), between the Company and Priszm Inc., on the one hand, and the Persons identified as purchasers on the Second Series 2011 Purchaser Schedule attached as Annex 1B thereto, on the other hand, and is entitled to the benefits thereof. As provided in the Note Agreement, this Note is subject to prepayment, in whole or from time to time in part on the terms specified in the Note Agreement. Defined terms used but not defined herein shall have the meanings ascribed to them in the Note Agreement.

Interest on this Note shall be computed on the basis of a 360-day year of twelve 30-day months. Solely for the purposes of any legislation respecting the statement of interest rates, the yearly rate of interest to which interest calculated for a period of less than one year on the basis of a year of 360 days consisting of twelve 30-day periods is equivalent, is such rate of interest multiplied by a fraction of which (i) the numerator is the product of (A) the actual number of days in the year commencing on the first day of such period, multiplied by (B) the sum of (y) the product of 30 multiplied by the number of completed months elapsed in such period and (z) the actual number of days elapsed in any incomplete month in such period; and (ii) the denominator is the product of (a) 360 multiplied by (b) the actual number of days in such period.

The theory of "deemed reinvestment" shall not apply to the computation of interest and no allowance, reduction or deduction shall be made for the deemed reinvestment of interest in respect of any payments. Calculation of interest shall be made using the nominal rate method, and not the effective rate method, of calculation.

This Note is secured by, and entitled to the benefits of, the collateral described in the Security Documents. Reference is made to the Security Documents for the terms and conditions governing the collateral security for the obligations of the Company hereunder.

Payment of the principal of and interest on this Note has been guaranteed by Priszm Inc., KIT LP, the Fund and the Operating Trust in accordance with the terms of the KIT Guarantees and by the Subsidiary Guarantors in accordance with the terms of the Subsidiary Guarantees.

This Note is a registered Note and, as provided in and subject to the terms of the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the Transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default (other than a Specified Default), each as defined in the Note Agreement and/or the Noteholder Forbearance Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price and with the effect provided in the Note Agreement.

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE.

KIT FINANCE INC.

By: _____

Name:
Title:

"

Exhibit C to 10th Amendment

Company wire transfer account information

FOR WIRE TRANSFERS IN U.S. DOLLARS

DESTINATION: (IBK)	CHASUS33 CHASE MANHATTAN BANK NEW YORK, NY ABA 021000021
PAY TO BANK: (BBK)	ROYCCAT2 ROYAL BANK OF CANADA TORONTO ONTARIO UID 055253
BENEFICIARY: (BNF)	/00002 4053435 (branch and account) PRISZM LP

Exhibit D to 10th Amendment

Form of FTI report on cash flow projections

FTI Consulting Canada Inc. ("FTI Consulting") hereby reports as follows:

1. The attached cash flow forecast (the "Forecast") has been prepared by the management of KIT FINANCE INC. and PRISZM INC. (collectively, "Priszm") for the purpose described in Note 1, using the Probable and Hypothetical Assumptions set out in Notes 2 to __.

2. FTI Consulting's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Priszm. Since Hypothetical Assumptions need not be supported, FTI Consulting's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Forecast. FTI Consulting has also reviewed the support provided by management of the Priszm for the Probable Assumptions, and the preparation and presentation of the Forecast.

3. Based on its review, nothing has come to the attention of FTI Consulting that causes it to believe that, in all material respects:

   a. the Hypothetical Assumptions are not consistent with the purpose of the Forecast;

   b. as at the date of this report, the Probable Assumptions developed by management are not suitably supported and consistent with the plans of the Priszm or do not provide a reasonable basis for the Forecast, given the Hypothetical Assumptions; or

   c. the Forecast does not reflect the Probable and Hypothetical Assumptions.

4. Since the Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, FTI Consulting expresses no assurance as to whether the Forecast will be achieved. FTI Consulting expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by FTI Consulting in preparing this report.

5. The Forecast has been prepared solely for the purpose described in Note 1 on the face of the Forecast, and readers are cautioned that it may not be appropriate for other purposes.

This is Exhibit "E"
to the affidavit of Deborah Papernick,
sworn before me on the 31st day
of March, 2011

Commissioner for Taking Affidavits

Execution Copy

TRUST INDENTURE

DATED AS OF THE 22nd DAY OF JUNE, 2007

BETWEEN

PRISZM INCOME FUND

AND

CIBC MELLON TRUST COMPANY

PROVIDING FOR THE ISSUE OF UNSECURED SUBORDINATED DEBENTURES

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THIS INDENTURE made as of the 22nd day of June, 2007.

BETWEEN:

PRISZM INCOME FUND, an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario and having its head office in the City of Vaughan, in the Province of Ontario

AND

CIBC MELLON TRUST COMPANY, a trust company incorporated under the federal laws of Canada having an office in the City of Toronto, in the Province of Ontario (hereinafter called the "**Debenture Trustee**")

WITNESSETH THAT:

WHEREAS the Fund (as defined herein) deems it necessary for its investment purposes to create and issue the Debentures (as defined herein) to be created and issued in the manner hereinafter appearing;

AND WHEREAS the Fund will use the proceeds of the Offering to indirectly finance Priszm LP and Priszm Inc. (each as defined herein);

AND WHEREAS the Fund is duly authorized to create and issue the Debentures to be issued as herein provided;

AND WHEREAS, when certified by the Debenture Trustee and issued as provided in this Indenture, all necessary steps in relation to the Fund have been duly enacted, passed and/or confirmed and other proceedings taken and conditions complied with to make the creation and issue of the Debentures proposed to be issued hereunder legal, valid and binding on the Fund in accordance with the laws relating to the Fund;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Fund and not by the Debenture Trustee;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings, namely:

(a) "**this Indenture**", "**this Trust Indenture**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

(b) "**Additional Debentures**" means Debentures of any one or more series, other than the first series of Debentures being the Initial Debentures, issued under this Indenture;

(c) "**affiliate**" when used to indicate a relationship with a Person or company has the same meaning as set forth in the *Securities Act* (Ontario);

(d) "**Applicable Securities Legislation**" means applicable securities laws (including rules, regulations, policies and instruments) in each of the Provinces of British Columbia, Alberta,

Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island;

(e) "**Beneficial Holder**" means any Person who holds a beneficial interest in a Global Debenture as shown on the books of the Depository or a Depository Participant;

(f) "**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the City of Toronto, Ontario;

(g) "**Change of Control**" means the acquisition by any Person, or group of Persons acting jointly or in concert, of voting control or direction over 662/3% or more of the votes attaching, collectively, to (i) outstanding Units; and (ii) Exchangeable Securities; but shall not include any capital reorganization of the Fund or a consolidation, amalgamation, arrangement or merger of the Fund with or into any other Person, or a sale, conveyance or lease of the properties and assets of the Fund as an entirety or substantially as an entirety to any other Person, or a liquidation, dissolution or winding-up or other similar transaction of the Fund, if the holders of the Units immediately prior to the effective time of such event or transaction, hold directly or indirectly more than 331/3% of the equity interests of the continuing, successor or purchaser entity, as the case may be, immediately after the effective time of such event or transaction;

(h) "**Change of Control Notice**" has the meaning ascribed thereto in Section 2.4(i);

(i) "**Conversion Price**" means the price at which each Trust Unit may be issued upon conversion of the Debentures which are by their terms convertible in accordance with the provisions of Article 6 into fully-paid Trust Units, and without limiting the generality of the foregoing, the Conversion Price in effect on the date hereof for each Trust Unit to be issued on conversion of the Initial Debentures is $12.28;

(j) "**Counsel**" means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Debenture Trustee or retained or employed by the Fund and in the case of the Fund, shall be Stikeman Elliott LLP or any other firm of barristers and solicitors of recognized national standing in Canada;

(k) "**Current Market Price**" means, for any date, the volume weighted average price per unit for Trust Units on the Toronto Stock Exchange (or, if the Trust Units are not listed thereon, on such stock exchange on which the Trust Units are listed as may be selected for such purpose by the Fund and approved by the Debenture Trustee, or if the Trust Units are not listed on any stock exchange, on the over-the-counter market) for 20 consecutive trading days ending on the fifth trading day preceding the applicable date;

(l) "**Date of Conversion**" has the meaning ascribed thereto in Section 6.4(b);

(m) "**Debentures**" means the debentures, notes or other evidences of indebtedness of the Fund issued and certified hereunder, or deemed to be issued and certified hereunder, including, without limitation, the Initial Debentures, and for the time being outstanding, whether in definitive or interim form;

(n) "**Debentureholders**" or "**holders**" means the Persons for the time being entered in the register for Debentures as registered holders of Debentures payable to a named payee or any transferees of such Persons, including, for greater certainty, in the case of any Global Debenture, the Depository or its nominees in whose name such Global Debenture is registered, as the case may be;

(o) "**Depository**" means, with respect to the Debentures of any series issuable or issued in the form of one or more Global Debentures, the Person designated as depository by the Fund pursuant to Section 3.2 until a successor depository shall have become such pursuant to the applicable

provisions of this Indenture, and thereafter "**Depository**" shall mean each Person who is then a depository hereunder, and if at any time there is more than one such Person, "**Depository**" as used with respect to the Debentures of any series shall mean each depository with respect to the one or more Global Debentures of such series;

(p) "**Depository Participant**" means, for any Debentures, a broker, dealer, bank, other financial institution or other Person who participates directly in the book-entry registration and book-based securities transfer system administered by the Depository for such Debentures;

(q) "**Event of Default**" has the meaning ascribed thereto in Section 8.1;

(r) "**Exchangeable Securities**" means any securities that are exchangeable, directly or indirectly, for Trust Units;

(s) "**Extraordinary Resolution**" has the meaning ascribed thereto in Section 12.12 ;

(t) "**Freely Tradeable**" means, in respect of trust units of any class of any trust or securities of any class of any corporation, trust units or securities, as the case may be, which are issuable without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and can be traded by the holder thereof without any restriction under Applicable Securities Legislation, such as hold periods, except in the case of a distribution that is a "control distribution" as such term is defined under National Instrument 45-102 or any successor instrument or legislation thereto;

(u) "**Fully Registered Debentures**" means Debentures registered as to both principal and interest;

(v) "**Fund**" means Priszm Income Fund and includes any successor to or of the Fund which shall have complied with the provisions of Article 10;

(w) "**Fund's Auditors**" or "**Auditors of the Fund**" means a nationally recognized independent firm of chartered accountants duly appointed as auditors of the Fund;

(x) "**generally accepted accounting principles**" means generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants;

(y) "**Global Debenture**" means a global book-entry certificate evidencing a Debenture, which will be delivered to a Depository and registered in the name of a Depository, or its nominee, pursuant to Section 2.6 for purposes of being held by or on behalf of the Depository as custodian for the Depository Participants;

(z) "**Government Obligations**" means securities issued or guaranteed by the Government of Canada or any province thereof;

(aa) "**Initial Debentures**" means the Debentures designated as "Series 2007 6.50% Convertible Unsecured Subordinated Debentures due June 30, 2012" and described in Section 2.4;

(bb) "**Interest Obligation**" means, with respect to an Interest payment Date, the amount of interest due on the Initial Debentures, on such Interest Payment Date;

(cc) "**Interest Payment Date**" means a date specified in a Debenture as the date on which an instalment of interest on such Debenture shall become due and payable;

(dd) "**Legended Debentures**" means Debentures bearing the legend provided for in Section 2.14;

(ee) "**Maturity Account**" means an account or accounts required to be established by the Fund (and which shall be maintained by and subject to the control of the Debenture Trustee) for each series of Debentures pursuant to and in accordance with this Indenture;

(ff) "**Maturity Date**" has the meaning ascribed thereto in Section 4.10(a);

(gg) "**Maturity Notice**" has the meaning ascribed thereto in Section 4.10(b);

(hh) "**Non-Resident**" means a non-resident of Canada within the meaning of the Tax Act;

(ii) "**Offer**" has the meaning ascribed thereto in Section 2.4(i);

(jj) "**Offer Price**" has the meaning ascribed thereto in Section 2.4(i);

(kk) "**Offering**" means the public offering by short form prospectus dated June 15, 2007 of $30,000,000 aggregate principal amount of Initial Debentures;

(ll) "**Officer's Certificate**" means a certificate of the Fund signed by any one trustee of the Fund or any one authorized officer or director of Priszm Inc., on behalf of the Fund, in his or her capacity as a trustee or an officer or director of Priszm Inc, as the case may be, and not in his or her personal capacity;

(mm) "**Periodic Offering**" means an offering of Debentures of a series from time to time, the specific terms of which Debentures, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Fund upon the issuance of such Debentures from time to time;

(nn) "**Person**" means any individual, partnership, limited partnership, association, body corporate, trust, joint venture, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

(oo) "**Priszm Inc.**" means Priszm Inc., a corporation incorporated under the laws of Canada, and the general partner of Priszm LP and the administrator of the Fund;

(pp) "**Priszm LP**" means Priszm Limited Partnership, a limited partnership formed under the laws of the Province of Manitoba;

(qq) "**Property Account**" means a segregated trust account with a "financial institution" as that term is defined in the Bank Act (Canada);

(rr) "**Recognized Stock Exchange**" means the Toronto Stock Exchange or if the Trust Units are not listed on the Toronto Stock Exchange, any other stock exchange on which the Trust Units are then listed and posted for trading;

(ss) "**Redemption Date**" has the meaning attributed thereto in Section 4.3;

(tt) "**Redemption Notice**" has the meaning attributed thereto in Section 4.3;

(uu) "**Redemption Price**" means, in respect of a Debenture, the amount, excluding interest, payable on the Redemption Date fixed for such Debenture, which amount may be payable by the issuance of Freely Tradeable Trust Units as provided for in Section 4.6;

(vv) "**Regulation S**" means Regulation S adopted by the United States Securities and Exchange Commission under the 1933 Act;

(ww) "**Senior Creditor**" means a holder or holders of Senior Indebtedness and includes any representative or representatives or trustee or trustees of any such holder or holders;

(xx) "**Senior Indebtedness**" of any Person means, without duplication;

(i) indebtedness for borrowed money of such Person;

(ii) purchase money obligations of such Person;

(iii) other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument;

(iv) all obligations of such Person under any financing lease;

(v) all obligations of such Person under any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing, and in each case, the amount of such obligations included in Indebtedness shall be limited to the amount that would be included in the financial statements of such Person as determined in accordance with generally accepted accounting principles;

(vi) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person; and

(vii) all obligations of the type referred to in paragraphs (i) to (vi) of another Person the payment of which such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise or has agreed to ensure that such other Person has sufficient funds therefor;

other than indebtedness evidenced by the Initial Debentures and all other existing and future Debentures or other instruments of the Fund which, by the terms of the instrument creating or evidencing the indebtedness, are expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures, and for greater certainty, excludes trade payables and other current liabilities incurred in the ordinary course of business;

(yy) "**Senior Security**" means all mortgages, liens, pledges, charges (whether fixed or floating), security interests or other encumbrances of any kind, contingent or absolute, held by or on behalf of any Senior Creditor and in any manner securing any Senior Indebtedness;

(zz) "**Subsidiary**" means, in relation to the Fund, any entity, including corporations, trusts, partnerships and limited partnerships, which are controlled, directly or indirectly, by the Fund;

(aaa) "Tax Act" means the *Income Tax Act* (Canada), as amended from time to time;

(bbb) "**Time of Expiry**" means the time of expiry of certain rights with respect to the conversion of Debentures under Article 6 which is to be set forth for each series of Debentures which by their terms are to be convertible;

(ccc) "**Toronto Stock Exchange**" means the Toronto Stock Exchange and any successor stock exchange thereto;

(ddd) "**trading day**" means, with respect to the Toronto Stock Exchange or other market for securities, any day on which such exchange or market is open for trading or quotation;

(eee) "**Trust Units**" means trust units of the Fund each such trust unit representing an equal undivided beneficial interest in the Fund, as such trust units are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change, subdivision, redivision, reduction, combination, consolidation, reclassification or capital reorganization of the trust units or any, consolidation, amalgamation, arrangement, merger of the Fund with or into another Person, or the, sale, conveyance or lease of the properties and assets of the Fund as, or substantially as, an entirety to another Person or a liquidation, dissolution or winding-up of the Fund or other similar transaction, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales, leases or conveyances or liquidations, dissolutions, windings-up or similar transactions, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 6.5, "Trust Units" shall mean the units or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, lease or conveyance or liquidation, dissolution, winding-up or similar transaction;

(fff) "**Trust Unit Bid Request**" means a request for bids to purchase Trust Units (to be issued by the Fund on the Trust Unit Delivery Date) made by the Debenture Trustee in accordance with the Trust Unit Interest Payment Election Notice.

(ggg) "**Trust Unit Delivery Date**" means a date, not more than 90 days and not less than seven Business Days prior to the applicable Interest Payment Date, upon which Trust Units are issued by the Fund and delivered to the Debenture Trustee for sale pursuant to Trust Unit Purchase Agreements.

(hhh) "**Trust Unit Interest Payment Election**" means an election by the Fund to issue and deliver Trust Units to the Debenture Trustee for sale in the open market or pursuant to acceptable bids obtained pursuant to the Trust Unit Bid Requests in order to satisfy all or a part of an Interest Obligation in the manner described in the Trust Unit Interest Payment Election Notice.

(iii) "**Trust Unit Interest Payment Election Amount**" means the aggregate net proceeds resulting from the sale of Trust Units on or about the Trust Unit Delivery Date on the open market or pursuant to acceptable bids obtained pursuant to the Trust Unit Bid Requests.

(jjj) "**Trust Unit Interest Payment Election Notice**" means a written notice made by the Fund to the Debenture Trustee specifying:

(i) the Interest Obligation to which the election relates;

(ii) the amount of proceeds which the Fund wishes to raise;

(iii) the investment banks, brokers or dealers through which the Debenture Trustee shall seek bids to purchase the Trust Units and the conditions of such bids, which may include the minimum number of Trust Units, minimum price per Trust Unit, timing for closing for bids and such other matters as the Fund may specify; and

(iv) that the Debenture Trustee shall either sell on the open market or solicit and accept through the investment banks, brokers or dealers selected by the Fund only those bids which comply with such notice;

(kkk) "**Trust Unit Proceeds Investment**" has the meaning ascribed thereto in Section 2.4(c)(x);

(lll) "**Trust Unit Purchase Agreement**" means an agreement in customary form among the Fund, the Debenture Trustee and the Persons making acceptable bids pursuant to a Trust Unit Bid Request, which complies with all Applicable Securities Legislation and the rules and regulations of any Recognized Stock Exchange;

(mmm) "**Unit Redemption Right**" has the meaning attributed thereto in Section 4.6(a);

(nnn) "**Unit Repayment Right**" has the meaning attributed thereto in Section 4.10(a);

(ooo) "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(ppp) "**Written Direction of the Fund**" means an instrument in writing signed by any one trustee of the Fund or any one authorized director or officer of Priszm Inc., on behalf of the Fund;

(qqq) "1933 Act" means the *United States Securities Act* of 1933, as amended; and

(rrr) "**90% Redemption Right**" has the meaning ascribed thereto in Section 2.4(i).

1.2 Meaning of "Outstanding"

Every Debenture certified and delivered by the Debenture Trustee hereunder shall be deemed to be outstanding until it is cancelled, converted, redeemed or repurchased or delivered to the Debenture Trustee for cancellation, conversion, redemption, repurchase or monies and/or Trust Units, as the case may be, for the payment thereof shall have been set aside under Section 9.2, provided that:

(a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;

(b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and

(c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Fund or any affiliate of the Fund shall be disregarded except that:

(i) for the purpose of determining whether the Debenture Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Debenture Trustee knows are so owned shall be so disregarded; and

(ii) Debentures so owned which have been pledged in good faith other than to the Fund or any affiliate of the Fund shall not be so disregarded if the pledgee shall establish to the satisfaction of the Debenture Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his or her discretion free from the control of the Fund or a Subsidiary of the Fund.

1.3 Interpretation

In this Indenture:

(a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;

(b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;

(c) all references to Sections refer, unless otherwise specified, to sections, subsections or clauses of this Indenture; and

(d) words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them.

1.4 Headings, Etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

1.5 Day not a Business Day

In the event that any calendar day on or before which any action required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding calendar day that is a Business Day.

1.6 Applicable Law

This Indenture and the Debentures shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

1.7 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.8 Invalidity, Etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.9 Time of Essence

Time shall be of the essence in this Indenture.

1.10 Language

The parties acknowledge that they have requested this Indenture and all documents, notices, correspondence and legal proceedings arising from this Indenture or relating hereto be drawn up in English, but without prejudice to any documents, notices, correspondence and legal proceedings which may from time to time be drawn up in French. Les parties reconnaissent qu'elles ont exigé que cette convention soit rédigée en anglais, mais sans préjudice à tout document, tout avis, toute correspondance et toute procédure légale qui, de temps a autre, peuvent être rédigés en français.

1.11 Successors and Assigns

All covenants and agreements in this Indenture by the Fund shall bind its successors and assigns, whether expressed or not.

1.12 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, the Debenture Trustee and (to the extent provided in Sections 1.14 and 8.11) the holders of Trust Units, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.13 References to Acts of the Fund

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Fund is party, to an act to be performed by, an obligation or liability of, an asset or right of, or a covenant by, the Fund, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an obligation or liability of, or a covenant by, the Fund or a party to whom the trustees of the Fund have delegated the authority to perform such act.

1.14 No Personal Liability

The obligations of the Fund under this Indenture or any Debenture are not personally binding upon any registered or beneficial holder of Trust Units, any trustees, officers or agents of the Fund, Priszm LP or Priszm Inc., as the case may be, or any annuitant under a plan of which a unitholder of the Fund acts as trustee or carrier and, resort shall not be had to, nor shall recourse or satisfaction be sought from, any of such Persons or the private property of any such Persons. Any recourse against any of such Persons in any manner in respect of any indebtedness, obligation or liability of the Fund arising hereunder shall be limited to, and satisfied only out of, the assets of the Fund.

ARTICLE 2
THE DEBENTURES

2.1 Limit of Debentures

The aggregate principal amount of Debentures authorized to be issued under this Indenture is unlimited, but Debentures may be issued only upon and subject to the conditions and limitations herein set forth.

2.2 Terms of Debentures of any Series

The Debentures may be issued in one or more series. There shall be established herein or in or pursuant to one or more indentures supplemental hereto, prior to the initial issuance of Debentures of any particular series:

(a) the designation of the Debentures of the series (which need not include the term "Debentures"), which shall distinguish the Debentures of the series from the Debentures of all other series;

(b) any limit upon the aggregate principal amount of the Debentures of the series that may be certified and delivered under this Indenture (except for Debentures certified and delivered upon registration of, transfer of, amendment of, or in exchange for, or in lieu of, other Debentures of the series pursuant to Sections 2.9, 2.10, 3.2, 3.3, and 3.6);

(c) the date or dates on which the principal amount of the Debentures of the series is payable;

(d) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which a

record, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;

(e) the place or places where the principal of and any interest on Debentures of the series shall be payable or where any Debentures of the series may be surrendered for registration of transfer or exchange;

(f) the right, if any, of the Fund to redeem Debentures of the series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, Debentures of the series may be so redeemed, pursuant to any sinking fund or otherwise;

(g) the obligation, if any, of the Fund to redeem, purchase or repay Debentures of the series pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, Debentures of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;

(h) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;

(i) subject to the provisions of this Indenture, any trustee, Depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Debentures of the series;

(j) any other events of default or covenants with respect to the Debentures of the series not otherwise described in this Indenture;

(k) whether and under what circumstances the Debentures of the series will be convertible into or exchangeable for securities of any Person;

(l) the form and terms of the Debentures of the series;

(m) if applicable, that the Debentures of the series shall be issuable in whole or in part as one or more Global Debentures and, in such case, the Depository or Depositories for such Global Debentures in whose name the Global Debentures will be registered, and any circumstances other than or in addition to those set forth in Section 2.9 or 3.2, as the case may be, in which any such Global Debenture may be exchanged for Fully Registered Debentures, or transferred to and registered in the name of a Person other than the Depository for such Global Debentures or a nominee thereof;

(n) if other than Canadian currency, the currency in which the Debentures of the series are issuable; and

(o) any other terms of the Debentures of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Debentures of any one series shall be substantially identical, except as may otherwise be established herein or, to the extent permitted herein, by or pursuant to a resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, or an Officer's Certificate or in an indenture supplemental hereto. All Debentures of any one series need not be issued at the same time and may be issued from time to time, including pursuant to a Periodic Offering, consistent with the terms of this Indenture, if so provided herein, or, to the extent permitted herein, by or pursuant to such resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, Officer's Certificate or in an indenture supplemental hereto.

2.3 **Form of Debentures**

Except in respect of the Initial Debentures, the form of which is provided for herein, the Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established herein or, to the extent permitted herein, by or pursuant to one or more resolutions of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund (as set forth in a resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund or to the extent established pursuant to, rather than set forth in, a resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, in an Officer's Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law (including Applicable Securities Legislation) or with any rules or regulations pursuant thereto, or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as may be determined by the trustee executing such Debentures, as conclusively evidenced by its execution of such Debentures.

2.4 **Form and Terms of Initial Debentures**

(a) The Initial Debentures authorized for issue immediately are limited to an aggregate principal amount of $30,000,000 and shall be designated as "Series 2007 6.50% Convertible Unsecured Subordinated Debentures due June 30, 2012".

(b) The Initial Debentures shall be dated as of the date of closing of the Offering, shall mature on June 30, 2012 and shall bear interest from, and including, the date of issue at the rate of 6.50% per annum, payable in arrears in equal (with the exception of the first interest payment which will include interest from, and including, June 22, 2007 as set forth below) semi-annual payments on June 30 and December 31 in each year, the first such payment to fall due on December 31, 2007 and the last such payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Initial Debentures) to fall due on June 30, 2012, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. The first interest payment will include interest accrued from, and including, June 22, 2007 to, but excluding December 31, 2007, and will be equal to $34.19 per $1,000 principal amount of the Initial Debentures.

(c) (i) Subject to any Applicable Securities Legislation, and provided that no Event of Default has occurred and is continuing under this Indenture and that all applicable regulatory approvals have been obtained (including any required approval of any Recognized Stock Exchange) in respect of any matter relating to this Section 2.4(c), the Fund shall have the irrevocable right, from time to time, to make a Trust Unit Interest Payment Election in respect of all or any part of any Interest Obligation by delivering a Trust Unit Interest Payment Election Notice to the Debenture Trustee by no later than the earlier of: (A) the date required by Applicable Securities Legislation or the rules of any Recognized Stock Exchange on which the Trust Units are then listed, or (B) the day which is not less than 40 days and not more than 60 days prior to the Interest Payment Date to which the Trust Unit Interest Payment Election relates.

(ii) Upon receipt of a Trust Unit Interest Payment Election Notice delivered in accordance with Section 2.4(c)(i), the Debenture Trustee shall, provided that all applicable regulatory approvals have been obtained and in accordance with this Section 2.4(c) and such Trust Unit Interest Payment Election Notice delivered in accordance with Section 2.4(c), deliver Trust Unit Bid Requests, in a form to be provided by the Fund and satisfactory to the Debenture Trustee and its Counsel acting reasonably, to the investment banks, brokers or dealers identified by the Fund in its absolute discretion or sell Trust Units in the open market on a Recognized Stock Exchange, as specified in the Trust Unit Interest Payment Election Notice. In connection with the Trust Unit Interest Payment Election,

the Debenture Trustee shall have the power to: (A) accept delivery of the Trust Units from the Fund and process the Trust Units in accordance with the Trust Unit Interest Payment Election Notice, (B) accept bids with respect to, and consummate sales of, such Trust Units, each as the Fund shall direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Fund in the Trust Unit Interest Payment Election Notice, (C) sell Trust Units in the open market on a Recognized Stock Exchange, and (D) perform any other action necessarily incidental thereto.

(iii) The Debenture Trustee shall not incur any liability or be in any way responsible for the consequences of any loss caused by the transaction referred to in Section 2.4(c)(ii)(C) and the Fund indemnifies and saves harmless the Debenture Trustee and its officers, directors, employees and agents from and against any and all liabilities, losses, costs, claims, actions, expenses or demands whatsoever which may be brought against the Debenture Trustee or which it may suffer or incur as a result of performing its obligations set out in Section 2.4(c)(ii).

(iv) The Trust Unit Interest Payment Election Notice shall provide for, and all bids shall be subject to, the right of the Fund, by delivering written notice to the Debenture Trustee at any time prior to the consummation of such delivery and sale of the Trust Units on the Trust Unit Delivery Date, to withdraw the Trust Unit Interest Payment Election (which shall have the effect of withdrawing each related Trust Unit Bid Request), whereupon the Fund shall be obliged to pay in cash the Interest Obligation in respect of which the Trust Unit Interest Payment Election Notice has been delivered. The Debenture Trustee shall be fully indemnified by the Fund in respect of any withdrawal of a Trust Unit Interest Payment Election or any termination of bids or contracts for the issuance or sales of Trust Units entered into by the Debenture Trustee on behalf of the Fund.

(v) Any sale of Trust Units pursuant to this Section 2.4(c) may be made to one or more Persons whose bids are solicited, but all such sales with respect to a particular Trust Unit Interest Payment Election shall take place concurrently on the Trust Unit Delivery Date.

(vi) The amount received by a holder of an Initial Debenture in respect of the Interest Obligation will not be affected by whether or not the Fund elects to satisfy the Interest Obligation pursuant to a Trust Unit Interest Payment Election.

(vii) The Debenture Trustee shall inform the Fund promptly following receipt of any bid or bids for Trust Units solicited pursuant to the Trust Unit Bid Requests. The Debenture Trustee shall accept such bid or bids as the Fund (in its absolute discretion) shall direct by Written Direction of the Fund. In connection with any bids so accepted, the Fund, the Debenture Trustee (if required by the Fund in its absolute discretion) and the applicable bidders shall, not later than the Trust Unit Delivery Date, enter into Trust Unit Purchase Agreements in a form to be provided by the Fund and satisfactory to the Debenture Trustee and its Counsel acting reasonably, and shall comply with all Applicable Securities Legislation, including the securities rules and regulations of any Recognized Stock Exchange on which the Trust Units are then listed. The Fund shall deliver to the Debenture Trustee an opinion of Counsel that such Trust Unit Purchase Agreements comply with all Applicable Securities Legislation including the securities rules and regulations of any such Recognized Stock Exchange. The Fund shall pay all fees and expenses in connection with the Trust Unit Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the standard fees of the Debenture Trustee generally charged for this service.

(viii) Provided that (A) all conditions specified in each Trust Unit Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Trust Units to be sold thereunder against payment of the purchase price thereof, and (B) the purchasers under each Trust Unit Purchase Agreement shall be ready, willing and able to perform thereunder, in each case on the Trust Unit Delivery Date, the Fund shall, on the

Trust Unit Delivery Date, deliver to the Debenture Trustee the Trust Units to be sold on such date, an amount in cash equal to the difference between the applicable Interest Obligation and the net proceeds of the Trust Units to be sold and an Officer's Certificate, upon which the Debenture Trustee may act and rely absolutely without any further enquiry, to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Trust Unit Purchase Agreement, have been satisfied. Upon such deliveries, the Debenture Trustee shall consummate such sales on such Trust Unit Delivery Date by the delivery of the Trust Units to such purchasers against payment to the Debenture Trustee in immediately available funds of the purchase price therefor.

(ix) The Fund agrees that any Trust Units issued pursuant to this Section 2.4(c) shall be issued for an amount equal to the sale price of such Trust Units realized by the Debenture Trustee, with the effect that the Debenture Trustee will neither realize a gain or loss with respect to the sale of such Trust Units.

(x) The Debenture Trustee shall, on the Trust Unit Delivery Date, use the sale proceeds of the Trust Units (together with any cash received from the Fund) to purchase, on the direction of the Fund in writing, Government Obligations which mature at least three Business Days prior to the applicable Interest Payment Date and which the Debenture Trustee is required to hold until maturity (the "Trust Unit Proceeds Investment") and shall, on such date, deposit the balance, if any, of such sale proceeds in the Property Account for such Debentures. Subject to Section 14.9, the Debenture Trustee shall hold such Trust Unit Proceeds Investment (but not income earned thereon) under its exclusive control in an irrevocable trust for the benefit of the holders of the Debentures. At least one Business Day prior to the Interest Payment Date, the Debenture Trustee shall deposit amounts from the proceeds of the Trust Unit Proceeds Investment in the Property Account. The Debenture Trustee shall use the funds held in the Property Account to satisfy the Interest Obligation due on the applicable Interest Payment Date in accordance with Section 2.15 of this Indenture. The Debenture Trustee shall remit amounts, if any, in respect of income earned on the Trust Unit Proceeds Investment or otherwise in excess of the Trust Unit Interest Payment Election Amount to the Fund.

(xi) Neither the making of a Trust Unit Interest Payment Election nor the consummation of sales of Trust Units on a Trust Unit Delivery Date will (A) result in the holders of the Initial Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date, or (B) entitle such holders to receive any Trust Units in satisfaction of such Interest Obligation.

(d) The Initial Debentures will be redeemable in accordance with the terms of Article 4, provided that the Initial Debentures will not be redeemable before June 30, 2010, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined herein. On and after June 30, 2010 and prior to June 30, 2011, the Initial Debentures may be redeemed at the option of the Fund in whole or in part from time to time on notice as provided for in Section 4.3 provided that the Current Market Price of the Trust Units on the date on which notice of redemption is given is not less than 125% of the Conversion Price and the Fund shall have provided to the Debenture Trustee an Officer's Certificate confirming such Current Market Price. In such event, the Initial Debentures will be redeemable at a Redemption Price equal to the principal amount of Debentures and, in addition thereto, at the time of redemption, the Fund shall pay to the holder accrued and unpaid interest up to but excluding the Redemption Date. On and after June 30, 2011 but prior to the Maturity Date, the Initial Debentures may be redeemed at the option of the Fund in whole or in part from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to the principal amount of Debentures and, in addition thereto, at the time of redemption, the Fund shall pay to the holder accrued and unpaid interest up to but excluding the Redemption Date. The Redemption Notice for the Initial Debentures shall be in the form of Schedule "B". In connection with the redemption of the Initial Debentures, the Fund may,

at its option and subject to the provisions of Section 4.6 and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate Redemption Price of the Initial Debentures to be redeemed by issuing and delivering to the holders of such Initial Debentures, such number of Freely Tradeable Trust Units as is obtained by dividing the aggregate Redemption Price of the outstanding Debentures which are to be redeemed by 95% of the Current Market Price in effect on the Redemption Date, provided that no fractional Trust Units will be issued on such redemption but in lieu thereof the Fund shall satisfy such fractional interests by a cash payment equal to the Current Market Price of a fractional interest. Interest accrued and unpaid on the Debentures on the Redemption Date will be paid to holders of Debentures, in cash, in the manner contemplated in Section 4.5. If the Fund elects to exercise such option, it shall so specify and provide details in the Redemption Notice.

(e) The Initial Debentures will be direct unsecured obligations of the Fund and will be subordinated to the Senior Indebtedness of the Fund in accordance with the provisions of Article 5. In accordance with Section 2.12, the Initial Debentures will rank *pari passu* with each other series of Debentures except for sinking fund provisions (if any) applicable to different series of Debentures.

(f) Upon and subject to the provisions and conditions of Article 6, the holder of each Initial Debenture shall have the right at such holder's option, prior to the close of business on the earlier of June 30, 2012 and the last Business Day immediately preceding the date specified by the Fund for redemption of the Initial Debentures by notice to the holders of Initial Debentures in accordance with Sections 2.4(d) and 4.3 (the earlier of which will be the "Time of Expiry" for the purposes of Article 6 in respect of the Initial Debentures), to convert any part, which is $1,000 or an integral multiple thereof, of the principal amount of such Debenture into Trust Units at the Conversion Price in effect on the Date of Conversion.

The Conversion Price in effect on the date hereof for each Trust Unit to be issued upon the conversion of Initial Debentures is $12.28 such that approximately 81.4332 Trust Units will be issued for each $1,000 principal amount of Initial Debentures so converted. No adjustment in the number of Trust Units to be issued upon conversion will be made for distributions (with a record date prior to the applicable Date of Conversion) on Trust Units issuable upon conversion or for interest accrued on the Initial Debentures which are surrendered for conversion; however, holders converting their Initial Debentures will receive all interest which has accrued to but excluding the Date of Conversion which has not been paid. The Conversion Price applicable to and the Trust Units, securities or other property receivable on the conversion of the Initial Debentures is subject to adjustment pursuant to the provisions of Section 6.5.

Notwithstanding any other provisions of this Indenture, if an Initial Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the Person or Persons entitled to receive Trust Units in respect of the Initial Debenture so surrendered for conversion shall not become the holder or holders of record of such Trust Units until the Business Day following such Interest Payment Date.

(g) On maturity of the Initial Debentures, the Fund may, at its option and subject to the provisions of Section 4.10 and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate principal amount of the Initial Debentures due on maturity by issuing and delivering to such holders of Initial Debentures Freely Tradeable Trust Units pursuant to the provisions of Section 4.10. If the Fund elects to exercise such option, it shall deliver a Maturity Notice to the Debenture Trustee and the holders of the Initial Debentures and provide the necessary details.

(h) The Initial Debentures shall be issued as Fully Registered Debentures in denominations of $1,000 and integral multiples of $1,000. Each Initial Debenture and the certificate of the Debenture Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A, with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or

endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund) (on behalf of the Fund) executing such Initial Debenture in accordance with Section 2.7 hereof, as conclusively evidenced by their execution of an Initial Debenture. Each Initial Debenture shall additionally bear such distinguishing letters and numbers as the Debenture Trustee shall approve. Notwithstanding the foregoing, an Initial Debenture may be in such other form or forms as from time to time may be approved by a resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund or as specified in an Officer's Certificate. The Initial Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Initial Debentures shall be evidenced by a Global Debenture and the Depository for the Initial Debentures shall be CDS Clearing and Depository Services Inc. The Global Debenture shall be registered in the name of CDS Clearing and Depository Services Inc. (or any nominee of the Depository). No Beneficial Holder will receive security certificates representing their interest in Debentures except as provided in Section 3.2. A Global Debenture may be exchanged for Debentures in registered form that are not Global Debentures, or transferred to and registered in the name of a Person other than the Depository for such Global Debentures or a nominee thereof as provided in Section 3.2.

(i) Within 30 days following the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.4(i) the Fund shall be obligated to offer to purchase the then outstanding Initial Debentures. The terms and conditions of such obligation are set forth below:

(i) Within 30 days following the occurrence of a Change of Control, the Fund shall deliver to the Debenture Trustee, and the Debenture Trustee shall promptly deliver to the holders of the Initial Debentures a notice stating that there has been a Change of Control and specifying the circumstances surrounding such event (a "**Change of Control Notice**") together with an offer in writing (the "**Offer**") to purchase all then outstanding Initial Debentures made in accordance with the requirements of Applicable Securities Legislation at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, on such Initial Debentures up to, but excluding, the date of acquisition by the Fund or a related party of such Debentures (the "**Offer Price**") which Offer shall, unless otherwise provided under Applicable Securities Legislation, be open for acceptance thereof for a period of not less than 35 days and not more than 60 days and shall provide for payment to all Debenture holders who accept the Offer not later than the 60th day after the making of the Offer. The Change of Control Notice shall specify (i) the provision of the Indenture pursuant to which the offer is being made and that all Initial Debentures validly tendered will be accepted for payment; (ii) the Offer Price and date of acquisition by the Fund; (iii) that any Initial Debenture not tendered will continue to accrue interest in accordance with its terms; (iv) that any Initial Debenture accepted for payment pursuant to the Offer shall cease to accrue interest on and after the date of acquisition by the Fund unless the Fund defaults in the payment of the Offer Price; (v) that Debentureholders electing to have an Initial Debenture purchased pursuant to the Offer will be required to surrender the Initial Debenture to the Debenture Trustee at the address specified in the notice prior to the close of business on the Business Day immediately preceding the date of acquisition by the Fund or, in the case of the Global Debenture, that the purchase will take place in such manner as may be agreed upon by the Depository, the Debenture Trustee and the Fund and specified in the Offer; and (vi) that Debentureholders will be entitled to withdraw their election if the Debenture Trustee receives, not later than the close of business on the third Business Day immediately preceding the date of acquisition by the Fund, a facsimile transmission or letter setting forth the name of such Debentureholder, the principal amount of Debentures delivered for purchase and a statement that such Debentureholder is withdrawing his or her election to have such Initial Debentures purchased.

(ii) If 90% or more in aggregate principal amount of Initial Debentures outstanding on the date the Fund provides the Change of Control Notice and the Offer to holders of the Initial Debentures have been tendered for purchase pursuant to the Offer on the expiration thereof, the Fund has the right and obligation upon written notice provided to the Debenture Trustee within 10 days following the expiration of the Offer, to redeem and shall redeem all the Initial Debentures remaining outstanding on the expiration of the Offer at the Offer Price (the "**90% Redemption Right**").

(iii) Upon receipt of notice that the Fund has exercised or is exercising the 90% Redemption Right and is acquiring the remaining Initial Debentures, the Debenture Trustee shall promptly provide written notice to each Debentureholder that did not previously accept the Offer that:

(A) the Fund has exercised the 90% Redemption Right and is purchasing all outstanding Initial Debentures effective on the expiry of the Offer at the Offer Price, and shall include a calculation of the amount payable to such holder as payment of the Offer Price;

(B) each such holder must transfer their Initial Debentures to the Debenture Trustee on the same terms as those holders that accepted the Offer and must send their respective Initial Debentures, duly endorsed for transfer, to the Debenture Trustee within 10 days after the sending of such notice; and

(C) the rights of such holder under the terms of the Initial Debentures and this Indenture cease to be effective as of the date of expiry of the Offer provided the Fund has, on or before the time of notifying the Debenture Trustee of the exercise of the 90% Redemption Right, paid the aggregate Offer Price to, or to the order of, the Debenture Trustee and thereafter the Initial Debentures shall not be considered to be outstanding and each holder thereof shall not have any right except to receive such holder's Offer Price upon surrender and delivery of such holder's Initial Debentures in accordance with the Indenture.

The form of notice to be provided to each Debentureholder that did not previously accept the Offer shall be prepared by the Fund or counsel to the Fund, and the Debenture Trustee shall not be responsible for calculating any amount payable to such holders.

(iv) The Fund shall, on or before 11:00 a.m. (Toronto time) on the date of the expiry of the Offer, deposit with the Debenture Trustee or any paying agent to the order of the Debenture Trustee by electronic transfer, such sums of money as may be sufficient to pay the aggregate Offer Price of the Initial Debentures to be purchased or redeemed by the Fund on the expiry of the Offer. The Fund shall also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with such purchase and/or redemption, as the case may be. Every such deposit shall be irrevocable. From the sums so deposited, the Debenture Trustee shall pay or cause to be paid to the holders of such Initial Debentures, the Offer Price to which they are entitled on the Fund's purchase or redemption. For greater certainty, the Fund shall not be permitted to satisfy the Offer Price payable pursuant to an Offer or the exercise of the 90% Redemption Right through the issuance of Trust Units.

(v) In the event that one or more of such Initial Debentures being purchased in accordance with this Section 2.4(i) becomes subject to purchase in part only, upon surrender of such Initial Debentures for payment of the Offer Price, the Fund shall execute and the Debenture Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order, one or more new Initial Debentures for the portion of the principal amount of the Initial Debentures not purchased.

(vi) Initial Debentures for which holders have accepted the Offer and Initial Debentures which the Fund has elected to redeem in accordance with this Section 2.4(i) shall become due and payable at the Offer Price on the date of expiry of the Offer or, where has Fund has elected to redeem in accordance with this Section 2.4(i), on the date prescribed in the notice provided pursuant to Section 2.4(i)(iii) , in the same manner and with the same effect as if it were the date of maturity specified in such Initial Debentures, anything therein or herein to the contrary notwithstanding, and from and after such date of expiry of the Offer, if the money necessary to purchase or redeem the Initial Debentures shall have been deposited as provided in this Section 2.4(i) and affidavits or other proofs satisfactory to the Debenture Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Initial Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Debenture Trustee whose decision shall be final and binding upon all parties in interest.

(vii) In case the holder of any Initial Debenture to be purchased or redeemed in accordance with this Section 2.4(i) shall fail on or before the date specified in Section 2.4(i)(i) or Section 2.4(i)(vi), as applicable, so to surrender such holder's Initial Debenture or shall not within such time accept payment of the monies payable, or give such receipt therefor, if any, as the Debenture Trustee may require, such monies may be set aside in trust, either in the deposit department of the Debenture Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited without interest, upon surrender and delivery up of such holder's Initial Debenture. In the event that any money required to be deposited hereunder with the Debenture Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Initial Debentures issued hereunder shall remain so deposited for a period of six years from the date of expiry of the Offer, then such monies, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by the Debenture Trustee or such depository or paying agent to the Fund and the Debenture Trustee shall not be responsible to Debentureholders for any amounts owing to them.

(viii) Subject to the provisions above related to Initial Debentures purchased in part, all Initial Debentures redeemed and paid under this Section 2.4(i) shall forthwith be delivered to the Debenture Trustee and cancelled and no Initial Debentures shall be issued in substitution therefor.

(ix) The Fund will publicly announce the aggregate principal amount of Initial Debentures that were purchased under the Offer made pursuant to Section 2.4(i)(i) promptly after the date such Initial Debentures were acquired by the Fund.

(j) The Debenture Trustee shall be provided with the documents and instruments referred to in Sections 2.5(b), (c) and (d) with respect to the Initial Debentures prior to the issuance of the Initial Debentures.

2.5 Certification and Delivery of Additional Debentures

The Fund may from time to time request the Debenture Trustee to certify and deliver Additional Debentures of any series by delivering to the Debenture Trustee the documents referred to below in this Section 2.5 whereupon the Debenture Trustee shall certify such Debentures and cause the same to be delivered in accordance with the Written Direction of the Fund referred to below or pursuant to such procedures acceptable to the Debenture Trustee as may be specified from time to time by a Written Direction of the Fund. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Fund and such procedures. In certifying such Debentures, the Debenture Trustee shall be entitled to receive and shall be fully protected in acting and relying upon, unless and until such documents have been superseded or revoked:

(a) an Officer's Certificate and/or executed supplemental indenture by or pursuant to which the form and terms of such Additional Debentures were established;

(b) a Written Direction of the Fund requesting certification and delivery of such Additional Debentures and setting forth delivery instructions, provided that, with respect to Debentures of a series subject to a Periodic Offering:

(i) such Written Direction of the Fund may be delivered by the Fund to the Debenture Trustee prior to the delivery to the Debenture Trustee of such Additional Debentures of such series for certification and delivery;

(ii) the Debenture Trustee shall certify and deliver Additional Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Fund or pursuant to procedures acceptable to the Debenture Trustee as may be specified from time to time by a Written Direction of the Fund;

(iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Additional Debentures of such series shall be determined by an executed supplemental indenture or by Written Direction of the Fund or pursuant to such procedures; and

(iv) if provided for in such procedures, such Written Direction of the Fund may authorize certification and delivery pursuant to electronic instructions from the Fund;

(c) an opinion of Counsel to the Fund and the Debenture Trustee that all legal requirements imposed by this Indenture in connection with the proposed issue of Additional Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and

(d) an Officer's Certificate certifying that the Fund is not in default under this Indenture, that the terms and conditions for the certification and delivery of Additional Debentures (including those set forth in Section 14.5), have been complied with subject to the delivery of any documents or instruments specified in such Officer's Certificate and that no Event of Default exists or will exist upon such certification and delivery.

2.6 Issue of Global Debentures

(a) The Fund may specify that the Debentures of a series are to be issued in whole or in part, as one or more Global Debentures registered in the name of a Depository, or its nominee, designated by the Fund in the Written Direction of the Fund delivered to the Debenture Trustee at the time of issue of such Debentures. In the event the Fund specifies that the Debentures of a series are to be issued as a Global Debenture, the Fund shall execute and the Debenture Trustee shall certify and deliver one or more Global Debentures that shall:

(i) represent an aggregate amount equal to the principal amount of the outstanding Debentures of such series to be represented by one or more Global Debentures;

(ii) be delivered by the Debenture Trustee as directed in the Written Direction of the Fund; and

(iii) bear a legend substantially to the following effect:

"This Debenture is a Global Debenture within the meaning of the Trust Indenture dated as of June 22, 2007 between Priszm Income Fund and CIBC Mellon Trust Company (the "**Indenture**") and is registered in the name of a Depository or a nominee thereof. This

Debenture may not be transferred to or exchanged for Debentures registered in the name of any Person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture."

(b) Each Depository designated for a Global Debenture must, at the time of its designation and at all times while it serves as such Depository, be a clearing agency registered or designated under the securities legislation of the jurisdiction where the Depository has its principal offices.

2.7 Execution of Debentures

All Debentures shall be signed (either manually or by facsimile signature) by any one trustee of the Fund or any one director or officer of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, holding office at the time of signing. A facsimile signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the Person whose signature it purports to be. Notwithstanding that any Person whose signature, either manual or in facsimile, appears on a Debenture as a trustee of the Fund or a director or officer of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon the Fund and entitled to the benefits of this Indenture.

2.8 Certification

No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been manually certified by or on behalf of the Debenture Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Debenture Trustee. Such certification on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Fund and the holder is entitled to the benefits described herein and therein.

The certificate of the Debenture Trustee signed on the Debentures, or interim Debentures hereinafter mentioned, shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The certificate of the Debenture Trustee signed on the Debentures or interim Debentures shall, however, be a representation and warranty by the Debenture Trustee that the Debentures or interim Debentures have been duly certified by or on behalf of the Debenture Trustee pursuant to the provisions of this Indenture.

2.9 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Debenture Trustee, the Fund may issue and the Debenture Trustee certify in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Fund may execute and the Debenture Trustee certify a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder and deliver the same to the Debenture Trustee and thereupon the Debenture Trustee may issue its own interim certificates in such form and in such amounts, not exceeding in the aggregate the principal amount of the temporary Debenture so delivered to it, as the trustees of the Fund or as Priszm Inc. (as administrator of the Fund), on behalf of the Fund, and the Debenture Trustee may approve entitling the holders thereof to receive definitive Debentures of the series when the same are ready for delivery; and, when so issued and certified, such interim or temporary Debentures or interim certificates shall, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates shall be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Fund shall have delivered the definitive Debentures to the Debenture Trustee, the Debenture Trustee shall cancel such temporary Debentures, if

any, and shall call in for exchange all interim Debentures or certificates that shall have been issued and forthwith after such exchange shall cancel the same. No charge shall be made by the Fund or the Debenture Trustee to the holders of such interim or temporary Debentures or interim certificates for the exchange thereof. All interest paid upon interim or temporary Debentures or interim certificates shall be noted thereon as a condition precedent to such payment unless paid by cheque to the registered holders thereof.

2.10 Mutilation, Loss, Theft or Destruction

In case any of the Debentures, whether a Global Debenture or a Fully Registered Debenture, issued hereunder shall become mutilated or be lost, stolen or destroyed, the Fund, in its discretion, may issue, and thereupon the Debenture Trustee shall certify and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Debenture Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Fund and to the Debenture Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity satisfactory to them in their discretion and any other documents required by the Debenture Trustee in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.11 Concerning Interest

(a) Subject to Section 2.4(b) with respect to the calculation of interest in respect of the initial interest payment to be paid on the Initial Debentures, all Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures of that series, whichever shall be the later, or, in respect of Debentures subject to a Periodic Offering, from and including their issue date or from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on such Debentures, in all cases, to and excluding the next Interest Payment Date;

(b) Unless otherwise specifically provided in the terms of the Debentures of any series, interest for any period of less than six months shall be computed on the basis of a year of 365 days. Subject to Section 2.4(b) in respect of the method for calculating the amount of interest to be paid on the Initial Debentures on the first Interest Payment Date in respect thereof, with respect to any series of Debentures, whenever interest is computed on a basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

2.12 Debentures to Rank *Pari Passu*

The Debentures will be direct unsecured, subordinated obligations of the Fund. Each Debenture of the same series of Debentures will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Fund except for sinking fund provisions (if any) applicable to different series of Debentures or other similar types of obligations of the Fund.

2.13 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein or in any supplemental indenture in respect of any series of Debentures and subject to Section 4.10, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Fund will establish and maintain with the Debenture Trustee a Maturity Account for each series of Debentures. Each such Maturity Account shall be maintained by and be subject to the

control of the Debenture Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Toronto time) on the Business Day immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Fund will deliver to the Debenture Trustee funds for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be withheld or deducted therefrom). The Debenture Trustee, on behalf of the Fund, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture (less any tax required to be withheld or deducted therefrom), upon surrender of the Debenture at any branch of the Debenture Trustee designated for such purpose from time to time by the Fund and the Debenture Trustee. The delivery of such funds to the Debenture Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Fund for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax withheld or deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

Payment of funds to the Debenture Trustee upon maturity of the Debentures shall be made by electronic transfer or pursuant to such other arrangements for the provision of funds as may be agreeable between the Fund and the Debenture Trustee in order to effect such maturity payment hereunder. The Debenture Trustee shall disburse such maturity payments only upon receiving, at least one Business Day prior to each Maturity Date, funds in an amount sufficient for the maturity payment. Notwithstanding the foregoing, all payments in excess of $25 million in Canadian dollars (or such other amount as determined from time to time by the Canadian Payments Association) shall be made by the use of the Large Value Transfer System ("LVTS"). The Debenture Trustee shall have no obligation to disburse funds pursuant to this Section 2.13 until it has received written confirmation satisfactory to it that the funds have been deposited with it in sufficient amount to pay in full all amounts due and payable on the applicable Maturity Date. The Debenture Trustee shall, if any funds are received by it in the form of uncertified cheques, be entitled to delay the time for release of such funds until such uncertified cheques shall be determined to have cleared the financial institution upon which the same are drawn.

2.14 U.S. Legend on the Debentures

(a) The Debentures and the Trust Units issuable upon conversion thereof (or issuable in connection with the payment of interest or principal thereon) have not been and will not be registered under the 1933 Act. All Debentures and the Trust Units issuable upon conversion thereof (or issuable in connection with the payment of interest or principal thereon) issued and sold in the United States in reliance on an exemption from the registration requirements under the 1933 Act, as well as all Debentures and the Trust Units issuable upon conversion thereof (or issuable in connection with the payment of interest or principal thereon) issued in exchange for or in substitution of the foregoing securities, shall bear, unless otherwise directed by the Fund, the following legend (the "**U.S. Legend**"):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE FUND THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE FUND, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE *SECURITIES ACT*, OR (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) RULE 144A UNDER THE *SECURITIES ACT* OR (2) RULE 144 UNDER THE *SECURITIES ACT*, IF AVAILABLE. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE FUND IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATIONS S, A NEW CERTIFICATE, BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY" MAY BE OBTAINED FROM CIBC MELLON TRUST COMPANY UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO CIBC MELLON TRUST COMPANY AND THE FUND, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING

MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE *SECURITIES ACT*."

provided, that if the Debentures or Trust Units, as the case may be, are being sold under clause (B) above, and provided that the Fund is a "foreign issuer" within the meaning of Regulation S under the 1933 Act at the time of sale, the U.S. Legend may be removed by providing a declaration to the Debenture Trustee or the registrar and transfer agent for the Trust Units, as the case may be, as set forth in Schedule E hereto (or as the Fund may prescribe from time to time); and provided, further, that, if any such securities are being sold under clause (C)(2) above, the U.S. Legend may be removed by delivery to the Debenture Trustee or the registrar and transfer agent for the Trust Units, as the case may be, of an opinion of counsel, of recognized standing reasonably satisfactory to the Fund and the Debenture Trustee (if the opinion is being delivered to the Debenture Trustee), that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Debenture Trustee or the registrar and transfer agent for the Trust Units, as the case may be, obtains confirmation from the Fund that such counsel is satisfactory to the Fund, the Debenture Trustee or the registrar and transfer agent for the Trust Units, as the case may be, shall be entitled to rely on such opinion of counsel without further inquiry.

(b) Prior to the issuance of the Debentures, the Fund shall notify the Debenture Trustee, in writing, concerning which Debentures are to bear the U.S. Legend. The Debenture Trustee will thereafter maintain a list of all registered holders from time to time of Legended Debentures.

2.15 Payment of Interest

The following provisions shall apply to any series of Debentures, except as otherwise provided in Section 2.4(b) or Sections 2.4(c) or specified in a resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:

(a) As interest becomes due on each Debenture (except at maturity, on conversion or on redemption or repurchase, when interest may at the option of the Fund be paid upon surrender of such Debenture) the Fund, either directly or through the Debenture Trustee or any agent of the Debenture Trustee, shall send or forward by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Debenture Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Debenture Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register (or, in the case of joint holders to the registered address of one of the joint holders), unless such holder otherwise directs. If payment is made by cheque, such cheque shall be forwarded at least three Business Days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds, provided the Debenture Trustee must receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the Person to whom it is so sent as aforesaid, the Fund will issue to such Person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Fund is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Fund may make payment of such interest or make such interest available for payment in any other manner acceptable to the

Debenture Trustee with the same effect as though payment had been made in the manner provided above. If payment is made through the Debenture Trustee, at least one Business Day prior to each Interest Payment Date or the date of mailing the cheques for the interest due on an Interest Payment Date, whichever is earlier, the Fund shall deliver sufficient funds to the Debenture Trustee by electronic transfer or make such other arrangements for the provision of funds as may be agreeable between the Debenture Trustee and the Fund in order to effect such interest payment hereunder. The Debenture Trustee shall disburse such interest payments only upon receiving, at least one Business Day prior to each such date, funds in an amount sufficient for the interest payment. Notwithstanding the foregoing, all payments in excess of $25 million in Canadian dollars (or such other amount as determined from time to time by the Canadian Payments Association) shall be made by the use of the LVTS. The Debenture Trustee shall have no obligation to disburse funds pursuant to this Section 2.15(a) until it has received written confirmation satisfactory to it that the funds have been deposited with it in sufficient amount to pay in full all amounts due and payable with respect to such Interest Payment Date. The Debenture Trustee shall, if any funds are received by it in the form of uncertified cheques, be entitled to delay the time for release of such funds until such uncertified cheques shall be determined to have cleared the financial institution upon which the same are drawn.

(b) Notwithstanding Section 2.15(a), if a series of Debentures is represented by a Global Debenture, then all payments of interest on the Global Debenture shall be made by electronic funds transfer to the Depository or its nominee for subsequent payment to Beneficial Holders of interests in that Global Debenture, unless the Fund and the Depository otherwise agree. None of the Fund, the Debenture Trustee or any agent of the Debenture Trustee for any Debenture issued as a Global Debenture will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

2.16 **Withholding Tax**

For greater certainty, the Fund will be entitled to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of the Canadian government or of any province or territory thereof or any authority or agency therein or thereof having power to tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Debentures and, provided that the Fund forthwith remits such withheld amount to such government, authority or agency and files all required forms in respect thereof and, at the same time, provides copies of such remittance and filing to the Debenture Trustee and the relevant Debentureholder, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Fund's obligations under the Debentures and there is no obligation on the Fund to gross-up amounts paid to a holder in respect of such deductions or withholdings. The Fund shall provide the Debenture Trustee and the relevant Debentureholder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Debenture Trustee shall have no obligation to verify any payments under the Tax Act or any provision of provincial, state, local or foreign tax law. The Debenture Trustee shall at all times be indemnified and held harmless by the Fund from and against any personal liabilities of the Debenture Trustee incurred in connection with the failure of the Fund or its agents, to report, remit or withhold taxes as required by the Tax Act or otherwise failing to comply with the Tax Act. This indemnification shall survive the resignation or removal of the Debenture Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 **Fully Registered Debentures**

(a) With respect to each series of Debentures issuable as Fully Registered Debentures, the Fund shall cause to be kept by and at the principal office of the Debenture Trustee in Toronto, Ontario and by the Debenture Trustee or such other registrar as the Fund, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Fund may designate with the approval of the Debenture Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be noted on the Debentures by the Debenture Trustee or other registrar unless a new Debenture shall be issued upon such transfer.

(b) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in Section 3.1(a) by the registered holder of such Debenture or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and substance and execution satisfactory to the Debenture Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Debenture Trustee and upon compliance with such other reasonable requirements as the Debenture Trustee or other registrar may prescribe, nor unless the name of the transferee shall have been noted on the Debenture by the Debenture Trustee or other registrar.

3.2 **Global Debentures**

(a) With respect to each series of Debentures issuable in whole or in part as one or more Global Debentures, the Fund shall cause to be kept by and at the principal offices of the Debenture Trustee in Toronto, Ontario or such other registrar as the Fund, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as the Fund may designate with the approval of the Debenture Trustee, a register in which shall be entered the name and address of the holder of each such Global Debenture (being the Depository, or its nominee, for such Global Debenture) as holder thereof and particulars of the Global Debenture held by it, and of all transfers thereof. If any Debentures of such series are at any time not Global Debentures, the provisions of Section 3.1 shall govern with respect to registrations and transfers of such Debentures.

(b) Notwithstanding any other provision of this Indenture, a Global Debenture may not be transferred by the registered holder thereof and accordingly, no security certificates shall be issued to Beneficial Holders of interests in such Global Debenture except in the following circumstances or as otherwise specified in a resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund) on behalf of the Fund, an Officer's Certificate or supplemental indenture relating to a particular series of Debentures:

(i) Global Debentures may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;

(ii) Global Debentures may be transferred at any time after the Depository for such Global Debentures (i) has notified the Debenture Trustee, or the Fund has notified the Debenture Trustee, that it is unwilling or unable to continue as Depository for such Global Debentures, or (ii) ceases to be eligible to be a Depository under Section 2.6(b), provided that at the time of such transfer the Fund has not appointed a successor Depository for such Global Debentures;

(iii) Global Debentures may be transferred at any time after the Fund has determined, in its sole discretion, that the series of Debentures issued as such Global Debentures shall no

longer be held in book-entry form and has communicated such determination to the Debenture Trustee in writing;

(iv) Global Debentures may be transferred at any time after the Debenture Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as such Global Debenture, provided that Beneficial Holders representing, in the aggregate, not less than 25% of the aggregate principal amount of the Debentures of such series issued as such Global Debenture advise the Depository in writing, through the Depository Participants, that the continuation of the book-entry only registration system for such series of Global Debentures is no longer in their best interest and also provided that at the time of such transfer the Debenture Trustee has not waived the Event of Default pursuant to Section 8.3;

(v) Global Debentures may be transferred if required by applicable law; or

(vi) Global Debentures may be transferred if the book-entry only registration system ceases to exist.

Fully Registered Debentures issued pursuant to this Section 3.2(b) shall be registered in such names and in such denominations as the Depository, pursuant to instructions from its Depository Participants or otherwise shall instruct the Debenture Trustee provided that the aggregate principal amount of Fully Registered Debentures is equal to the principal amount of the Global Debenture so exchanged. The Debenture Trustee shall deliver such Fully Registered Debentures to or as directed by the Beneficial Holders of the Global Debenture so exchanged. Upon exchange of a Global Debenture for Debentures in definitive form such Global Debentures shall be cancelled by the Debenture Trustee.

(c) With respect to the Global Debentures, unless and until definitive certificates have been issued to Beneficial Holders of interests in such Global Debentures pursuant to subsection 3.2(b):

(i) the Fund and the Debenture Trustee may deal with the Depository for all purposes (including paying interest on the Debentures) as the sole holder of such series of Debentures and the authorized representative of the Beneficial Holders;

(ii) the rights of the Beneficial Holders shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Depository Participants;

(iii) the Depository will make book entry transfers among the Depository Participants; and

(iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depository shall be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders or the Depository Participants, and has delivered such instructions to the Debenture Trustee.

(d) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders pursuant to this Section 3.2, the Debenture Trustee shall provide all such notices and communications to the Depository and the Depository shall deliver such notices and communications to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system on the occurrence of one of the conditions specified in Section 3.2(b) with respect to a series of Debentures issued hereunder, the Debenture Trustee shall notify all applicable Beneficial Holders, through the Depository, of the availability of definitive Debenture certificates. Upon surrender by the Depository of the certificate(s) representing the Global Debentures and receipt of new registration instructions from the Depository, the Debenture

Trustee shall deliver the definitive Debenture certificates for such Debentures to the holders thereof in accordance with the new registration instructions and thereafter, the registration and transfer of such Debentures will be governed by Section 3.1 and the remaining Sections of this Article 3.

(e) Notwithstanding anything herein or in the terms of the Debentures to the contrary, neither the Fund nor the Debenture Trustee nor any agent thereof shall have any responsibility or liability for (i) any aspect of the records maintained by any Depository relating to any securities entitlements or any other interests in the Debentures or to the depository system maintained by such Depository, or payment made on account of any securities entitlements or any other interest of any Person in any Global Debenture (other than the applicable Depository or its nominee), (ii) for maintaining, supervising or reviewing any records of any Depository or any Depository Participant relating to any Debentures, or (iii) any advice or representation made by or with respect to any Depository and relating to the rules governing any Depository or any action to be taken by any Depository on its own direction or at the discretion of any of its Depository Participants.

3.3 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Debenture Trustee or other registrar and upon compliance with all other conditions in that regard required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Fund and the transferor or any previous holder of such Debenture, save in respect of equities of which the Fund is required to take notice by statute or by order of a court of competent jurisdiction.

3.4 No Notice of Trusts

Neither the Fund nor the Debenture Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than the trust created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and subject to Section 3.2(b) in respect of a Global Debenture, may transfer the same on the direction of the Person registered as the holder thereof, whether named as trustee or otherwise, as though that Person were the Beneficial Holder thereof.

3.5 Registers Open for Inspection

The registers referred to in Sections 3.1 and 3.2 shall during regular business hours be open for inspection by the Fund, the Debenture Trustee or any Debentureholder. Every registrar, including the Debenture Trustee, shall from time to time when requested so to do by the Fund or by the Debenture Trustee, in writing, furnish the Fund or the Debenture Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Debenture Trustee shall be entitled to charge a reasonable fee to provide such a list.

3.6 Exchanges of Debentures

(a) Subject to Section 3.7, Debentures in any authorized form or denomination, other than Global Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.

(b) In respect of exchanges of Debentures permitted by Section 3.6(a), Debentures of any series may be exchanged only at the principal offices of the Debenture Trustee in the city of Toronto, Ontario or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Fund with the approval of the Debenture Trustee. Any Debentures tendered for exchange shall be surrendered to the

Debenture Trustee. The Fund shall execute and the Debenture Trustee shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.

(c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

3.7 **Closing of Registers**

(a) Neither the Fund nor the Debenture Trustee nor any other registrar shall be required to:

(i) make transfers or exchanges of, or convert any Fully Registered Debentures on any Interest Payment Date for such Debentures or during the five preceding Business Days;

(ii) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Debenture Trustee of Debentures to be redeemed or during the five preceding Business Days; or

(iii) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed.

(b) Subject to any restriction herein provided, the Fund with the approval of the Debenture Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Debenture Trustee in Toronto, Ontario, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

3.8 **Charges for Registration, Transfer and Exchange**

For each Debenture exchanged, registered, transferred or discharged from registration, the Debenture Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Debenture Trustee and the Fund), and payment of such charges and reimbursement of the Debenture Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

(a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures of that series or, with respect to Debentures subject to a Periodic Offering, within a period of two months from the date of delivery of any such Debenture;

(b) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.9 for a definitive Debenture;

(c) for any exchange of a Global Debenture as contemplated in Section 3.2(b); or

(d) for any exchange of any Debenture resulting from a partial redemption under Section 4.2, a partial purchase under Section 4.9 or a partial conversion under Section 6.4.

3.9 **Ownership of Debentures**

(a) Unless otherwise required by law, the Person in whose name any registered Debenture is registered shall for all the purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon (including any Global Debenture) shall be made to such registered holder.

(b) The registered holder for the time being of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such Debenture free from all equities or rights of set-off or counterclaim between the Fund and the original or any intermediate holder thereof and all Persons may act accordingly and the receipt of any such registered holder (including by the Depository or its nominee in the case of a Global Indenture) for any such principal, premium or interest shall be a good discharge to the Fund and/or the Debenture Trustee and any registrar for the same and none of the Fund, the Debenture Trustee nor any other registrar shall be bound to inquire into the title of any such registered holder.

(c) Where Debentures are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor shall be a valid discharge, to the Debenture Trustee, any registrar and to the Fund.

(d) In the case of the death of one or more joint holders of any Fully Registered Debenture, the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Debenture Trustee and any registrar and to the Fund.

ARTICLE 4
REDEMPTION, REPAYMENT AND PURCHASE OF DEBENTURES

4.1 **Applicability of Article**

Subject to regulatory approval, the Fund shall have the right at its option to redeem, either in whole at any time or in part from time to time before the Maturity Date, either by payment of money, by issuance of Freely Tradeable Trust Units as provided in Section 4.6 or any combination thereof, any Debentures issued hereunder of any series which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and as shall have been expressed in this Indenture, in the Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Fund requesting the certification and delivery thereof. Subject to regulatory approval, the Fund shall also have the right at its option to repay, either in whole or in part, on maturity, either by payment of money in accordance with Section 2.13, by issuance of Freely Tradeable Trust Units as provided in Section 4.10 or any combination thereof, any Debentures issued hereunder of any series which by their terms are made so repayable on maturity (subject however, to any applicable restriction on the repayment of the principal amount of the Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debenture and shall have been expressed in this Indenture, in the Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Fund requesting the certification and delivery thereof.

4.2 **Partial Redemption**

If less than all the Debentures of any series for the time being outstanding are at any time to be redeemed, or if a portion of the Debentures being redeemed are being redeemed for cash and a portion of such

Debentures are being redeemed by the payment of Freely Tradeable Trust Units pursuant to Section 4.6, the Debentures to be so redeemed shall be selected by the Debenture Trustee on a *pro rata* basis to the nearest multiple of $1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Debenture Trustee deems equitable, subject to the approval of the Toronto Stock Exchange (or approval of any other stock exchange on which the Debentures may be listed), as may be required from time to time. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture shall be redeemed in part unless the principal amount redeemed is $1,000 or a multiple thereof. For this purpose, the Debenture Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption in part or for redemption in cash in part and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding the fact that as a result thereof one or more of such Debentures may become subject to redemption in part only or for cash only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the Redemption Price, together with accrued and unpaid interest to but excluding the Redemption Date, the Fund shall execute and the Debenture Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debenture of the principal amount thereof so redeemed which notation shall be authenticated by the Debenture Trustee. Unless the context otherwise requires, the terms "**Debenture**" or "**Debentures**" as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.

4.3 **Notice of Redemption**

Notice of redemption (the "**Redemption Notice**") of any series of Debentures shall be given to the Debenture Trustee and the holders of the Debentures so to be redeemed not more than 60 days nor less than 30 days prior to the date fixed for redemption (the "**Redemption Date**") in the manner provided in Section 13.2. Every Redemption Notice shall specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the amount of the accrued and unpaid interest to be paid thereon to but excluding the Redemption Date and the places of payment and shall state that interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed for cash, the Redemption Notice shall specify:

(a) the distinguishing letters and numbers of the registered Debentures which are to be redeemed for cash and which are to be redeemed for other consideration (or of such Debentures which as are registered in the name of such Debentureholder);

(b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed for cash and which are to be redeemed for other consideration or, if such Debentures are selected by terminal digit or other similar system, such particulars as may be sufficient to identify the Debentures so selected;

(c) in the case of a Global Debenture, that the redemption will take place in such manner as may be agreed upon by the Depository, the Debenture Trustee and the Fund; and

(d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

In the event that all Debentures to be redeemed are registered Debentures, publication shall not be required.

4.4 **Debentures Due on Redemption Dates**

Notice having been given as aforesaid, all of the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price, together with accrued and unpaid interest to but excluding the Redemption Date, on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the Maturity Date specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the monies necessary to redeem, or the Trust Units to be issued to redeem, such Debentures shall have been deposited as provided in Section 4.5 and affidavits or other

proof satisfactory to the Debenture Trustee as to the publication and/or mailing of such Redemption Notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as provided in Section 4.3 and such deposit made, such question shall be decided by the Debenture Trustee whose decision shall be final and binding upon all parties in interest. The Debenture Trustee shall have no obligation to verify or calculate the Redemption Price.

4.5 Deposit of Redemption Monies or Trust Units

Redemption of Debentures shall be provided for by the Fund depositing with the Debenture Trustee or any paying agent to the order of the Debenture Trustee, on or before 11:00 a.m. (Toronto time) on the Business Day immediately prior to the Redemption Date specified in such Redemption Notice, such sums of money, or certificates representing such Trust Units, or both, as the case may be, as is sufficient to pay the Redemption Price of the Debentures so called for redemption, plus such sum of money as is sufficient to pay accrued and unpaid interest thereon up to but excluding the Redemption Date, provided the Fund may elect to satisfy this requirement by providing the Debenture Trustee with a certified cheque or bank draft for such amounts required under this Section 4.5 post-dated to the Redemption Date. The Fund shall also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, or certificates so deposited, or both, the Debenture Trustee shall pay or cause to be paid, or issue or cause to be issued, (i) in the case of a Global Debenture, to the Depository upon the Depository making the appropriate notation in respect of the principal amount of the Debentures so redeemed, which notation shall be authenticated by the Debenture Trustee or (ii) in the case of Fully Registered Debentures to the holders of such Debentures so called for redemption, upon surrender of such Debentures, the Redemption Price and interest (if any) to which they are respectively entitled on redemption.

Payment of funds to the Debenture Trustee shall be made by electronic transfer or pursuant to such other arrangements for the provision of funds as may be agreeable between the Debenture Trustee and the Fund in order to effect such redemption payment hereunder. The Debenture Trustee shall disburse such redemption proceeds only upon receiving, at least one Business Day prior to each Redemption Date, funds in an amount sufficient to pay the aggregate Redemption Price that is payable in cash and the aggregate amount of interest (if any) payable on redemption. Notwithstanding the foregoing, i) all payments in excess of $25 million in Canadian dollars (or such other amount as determined from time to time by the Canadian Payments Association) shall be made by the use of the LVTS; and ii) in the event that payment must be made to the Depository, the Fund shall remit payment to the Debenture Trustee by LVTS. The Debenture Trustee shall have no obligation to disburse funds pursuant to this Section 4.5 unless it has received written confirmation satisfactory to it that the funds have been deposited with it in sufficient amount to pay the aggregate Redemption Price that is payable in cash and the aggregate amount of interest (if any) payable on redemption. The Debenture Trustee shall, if any funds are received by it in the form of uncertified cheques, be entitled to delay the time for release of such funds until such uncertified cheques shall be determined to have cleared the financial institution upon which the same are drawn.

4.6 Right to Repay Redemption Price in Trust Units

(a) Subject to the other provisions of this Section 4.6 and receipt of any required regulatory approvals, the Fund may, at its option, in exchange for or in lieu of paying the Redemption Price in money, elect to satisfy its obligation to pay all or any portion of the Redemption Price by issuing and delivering to holders on the Redemption Date that number of Freely Tradeable Trust Units obtained by dividing the Redemption Price by 95% of the then Current Market Price of the Trust Units on the Redemption Date (the "**Unit Redemption Right**"). The Debenture Trustee shall have no obligation to calculate or verify the Unit Redemption Right.

(b) The Fund shall exercise the Unit Redemption Right by so specifying in the Redemption Notice which shall be delivered to the Debenture Trustee and the holders of Debentures not more than 60 days and not less than 40 days prior to the Redemption Date. The Redemption Notice shall also specify the aggregate principal amount of Debentures in respect of which it is exercising the Unit Redemption Right.

(c) The Fund's right to exercise the Unit Redemption Right shall be conditional upon the following conditions being met on the second Business Day immediately preceding the Redemption Date:

(i) the issuance of the Trust Units on the exercise of the Unit Redemption Right shall be made in accordance with Applicable Securities Legislation and such Trust Units shall be issued as Freely Tradeable Trust Units;

(ii) the listing of such additional Freely Tradeable Trust Units on each stock exchange on which the Trust Units are then listed;

(iii) the Fund being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Freely Tradeable Trust Units occurs;

(iv) no Event of Default shall have occurred and be continuing;

(v) the receipt by the Debenture Trustee of an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Trust Units to be delivered for each $1,000 principal amount of Debentures and the Current Market Price of the Trust Units on the Redemption Date; and

(vi) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that the issuance of such Trust Units have been duly authorized by the Fund and, when issued and delivered pursuant to the terms of this Indenture in payment of the Redemption Price, will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing issued by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where certificates are not issued.

If the foregoing conditions are not satisfied prior to the 5:00 p.m. (Toronto time) on the second Business Day immediately preceding the Redemption Date, the Fund shall pay the Redemption Price in cash in accordance with Section 4.5 unless the Debentureholder waives the conditions which are not satisfied.

(d) In the event that the Fund duly exercises its Unit Redemption Right, the Fund shall on or before 11:00 a.m. (Toronto time) on the Redemption Date, deliver to the Debenture Trustee, for delivery to and on account of the holders of Debentures, upon the due presentation and surrender of the Debentures, the Freely Tradeable Trust Units to which such holders are entitled.

(e) No fractional Trust Units shall be delivered upon the exercise of the Unit Redemption Right but, in lieu thereof, the Fund shall pay to the Debenture Trustee for the account of the holders, at the time contemplated in Section 4.6(d), the cash equivalent thereof determined on the basis of the Current Market Price of the Trust Units on the Redemption Date (less any tax required to be deducted, if any).

(f) A holder of Debentures shall be treated as the unitholder of record of the Freely Tradeable Trust Units issued on due exercise by the Fund of its Unit Redemption Right effective immediately after the close of business on the Redemption Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including unit dividends and dividends or distributions in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.

(g) In the event that the Fund exercises its Unit Repayment Right, the Fund shall at all times reserve and keep available out of its authorized Trust Units (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Fund's Unit Redemption

Right as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Trust Units will be issued pursuant to exercise of the Unit Redemption Right, such number of Freely Tradeable Trust Units as shall be issuable in such event. All Freely Tradeable Trust Units which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

(h) The Fund shall comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Trust Units upon exercise of the Unit Redemption Right and shall cause to be listed and posted for trading such Trust Units on each stock exchange on which the Trust Units are then listed.

(i) The Fund shall from time to time promptly pay, or make provision satisfactory to the Debenture Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province or territory thereof (except income tax or, withholding tax which shall be payable with respect to the issuance or delivery of Freely Tradeable Trust Units to holders of Debentures upon exercise of the Unit Redemption Right pursuant to the terms of the Debentures and of this Indenture.

(j) If the Fund elects to satisfy its obligation to pay all or any portion of the Redemption Price by issuing Freely Tradeable Trust Units in accordance with this Section 4.6 and if the Redemption Price (or any portion thereof) to which a holder is entitled is subject to withholding taxes and the amount of the cash payment of the Redemption Price, if any, is insufficient to satisfy such withholding taxes, the Debenture Trustee, on the Written Direction of the Fund but for the account of the holder, shall sell, through the investment banks, brokers or dealers selected by the Fund, out of the Freely Tradeable Trust Units issued by the Fund for this purpose, such number of Freely Tradeable Trust Units that together with the cash payment of the Redemption Price, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Fund to the proper tax authorities within the period of time prescribed for this purpose under applicable laws. Any excess proceeds from such sale, after payment of all required withholding taxes, shall be paid to the holder.

(k) Each certificate representing Freely Tradeable Trust Units issued in payment of the Redemption Price of Debentures bearing the U.S. Legend set forth in Section 2.14, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall bear the U.S. Legend set forth in Section 2.14; provided that if the Freely Tradeable Trust Units are being sold outside the United States in accordance with Rule 904 of Regulation S, and provided that the Fund is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a declaration to the Debenture Trustee, as registrar and transfer agent for the Trust Units, as set forth in Schedule E hereto (or as the Fund or the Debenture Trustee may prescribe from time to time); and provided further that, if any such securities are being sold within the United States in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the Debenture Trustee, as registrar and transfer agent for the Trust Units, of an opinion of counsel, of recognized standing reasonably satisfactory to the Fund, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Debenture Trustee obtains confirmation from the Fund that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

(l) Accrued and unpaid interest on the Debentures on the Redemption Date will be paid to holders of Debentures, in cash, in the manner contemplated in Section 4.5.

4.7 **Failure to Surrender Debentures Called for Redemption**

In case the holder of any Debenture so called for redemption shall fail on or before the Redemption Date so to surrender such holder's Debenture, or shall not within such time accept payment of the redemption monies payable, or take delivery of certificates representing such Trust Units issuable in respect thereof, or give such receipt therefor, if any, as the Debenture Trustee may require, such redemption monies may be set aside

in trust with or without interest, or such certificates may be held in trust, either in the deposit department of the Debenture Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum or Trust Units so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, upon surrender and delivery up of such holder's Debenture of the Redemption Price, as the case may be, of such Debenture plus any accrued but unpaid interest thereon to but excluding the Redemption Date. In the event that any money, or certificates for Trust Units, required to be deposited hereunder with the Debenture Trustee or any depository or paying agent on account of Redemption Price, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of six years from the Redemption Date, then such monies or certificates for Trust Units, together with any accumulated interest thereon or any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Debenture Trustee or such Depository or paying agent to the Fund on its demand, and thereupon the Debenture Trustee shall not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Fund shall have no rights in respect thereof except to obtain payment of the money or certificates due from the Fund, subject to any limitation period provided by the laws of Ontario.

4.8 Cancellation of Debentures Redeemed

Subject to the provisions of Sections 4.2 and 4.9 as to Debentures redeemed or purchased in part, all Debentures redeemed and paid under this Article 4 shall forthwith be delivered to the Debenture Trustee and cancelled and no Debentures shall be issued in substitution therefor.

4.9 Purchase of Debentures by the Fund

Unless otherwise specifically provided with respect to a particular series of Debentures, the Fund may purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a Recognized Stock Exchange) or by tender or by private contract, at any price; provided that, if an Event of Default has occurred and is continuing, the Fund will not have the right to purchase the Debentures by private contract. All Debentures so purchased may, at the option of the Fund, be delivered to the Debenture Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price than the Fund is prepared to accept, the Debentures to be purchased by the Fund shall be selected by the Debenture Trustee on a *pro rata* basis or in such other manner consented to by the Toronto Stock Exchange (or any other stock exchange on which the Debentures may be listed) which the Debenture Trustee considers appropriate, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Debenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Debenture Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture or Debentures so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debenture of the principal amount thereof so purchased, which notations shall be authenticated by the Debenture Trustee.

4.10 Right to Repay Principal Amount in Trust Units

(a) Subject to the other provisions of this Section 4.10 and receipt of any required regulatory approvals, the Fund may, at its option, in exchange for or in lieu of paying the principal amount due on maturity in money, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures outstanding by issuing and delivering to holders on the date of maturity of such Debentures (the "**Maturity Date**") that number of Freely Tradeable Trust Units obtained by dividing the principal amount of the Debentures by 95% of the Current Market Price of the Trust Units on the Maturity Date (the "**Unit Repayment Right**").

(b) The Fund shall exercise the Unit Repayment Right by so specifying in a maturity notice to holders of the Debentures substantially in the form of Schedule "C" (the "**Maturity Notice**"), which shall be delivered to the Debenture Trustee and the holders of Debentures not more than 60 days and not less than 40 days prior to the Maturity Date.

(c) The Fund's right to exercise the Unit Repayment Right shall be conditional upon the following conditions being met on the Business Day preceding the Maturity Date:

(i) the issuance of the Trust Units on the exercise of the Unit Repayment Right shall be made in accordance with Applicable Securities Legislation and such Trust Units shall be issued as Freely Tradeable Trust Units;

(ii) the listing of such additional Freely Tradeable Trust Units on each stock exchange on which the Trust Units are then listed;

(iii) the Fund being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Freely Tradeable Trust Units occurs;

(iv) no Event of Default shall have occurred and be continuing;

(v) the receipt by the Debenture Trustee of an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Trust Units to be delivered for each $1,000 principal amount of Debentures and the Current Market Price of the Trust Units on the Maturity Date; and

(vi) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that such Trust Units have been duly authorized by the Fund and, when issued and delivered pursuant to the terms of this Indenture in payment of the principal amount of the Debentures outstanding will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing issued by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where certificates of good standing are not issued.

If the foregoing conditions are not satisfied prior to 5:00 p.m. (Toronto time) on the Business Day immediately preceding the Maturity Date, the Fund shall pay the principal amount of the Debentures outstanding in cash in accordance with Section 2.13, unless the Debentureholder waives the conditions which are not satisfied.

(d) In the event that the Fund duly exercises its Unit Repayment Right, the Fund shall on or before 11:00 a.m. (Toronto time) on the Maturity Date, deliver to the Debenture Trustee, for delivery to and on account of the holders, upon the due presentation and surrender of the Debentures, the Freely Tradeable Trust Units to which such holders are entitled. The Fund shall also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with the Unit Repayment Right. From the certificates so deposited in addition to amounts payable by the Debenture Trustee pursuant to Section 2.13, the Debenture Trustee shall pay or cause to be paid, to the holders of such Debentures, upon surrender of such Debentures, the principal amount of and premium (if any) on the Debentures to which they are respectively entitled on the Maturity Date and deliver to such holders the certificates to which such holders are entitled. The delivery of such certificates to the Debenture Trustee will satisfy and discharge the liability of the Fund for the Debentures to which the delivery of certificates relates to the extent of the amount delivered (plus the amount of any certificates sold to pay applicable taxes in accordance with this Section 4.10) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the certificates so delivered, the certificate(s) to which it is entitled.

(e) No fractional Freely Tradeable Trust Units shall be delivered upon the exercise of the Unit Repayment Right but, in lieu thereof, the Fund shall pay to the Debenture Trustee for the account of the holders, at the time contemplated in Section 4.10(d), the cash equivalent thereof determined on the basis of the Current Market Price of the Trust Units on the Maturity Date (less any tax required to be deducted, if any).

(f) A holder of Debentures shall be treated as the unitholder of record of the Freely Tradeable Trust Units issued on due exercise by the Fund of its Unit Repayment Right effective immediately after 5:00 p.m. (Toronto time) the close of business on the Maturity Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including unit distributions and dividends or distributions in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.

(g) The Fund shall at all times reserve and keep available out of its authorized Trust Units (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Fund's Unit Repayment Right as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Trust Units will be issued pursuant to exercise of the Unit Repayment Right, such number of Freely Tradeable Trust Units as shall be issuable in such event. All Freely Tradeable Trust Units issued upon exercise of the Unit Repayment Right shall be duly and validly issued as fully paid and non-assessable Trust Units.

(h) The Fund shall comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Trust Units upon exercise of the Unit Repayment Right and shall cause to be listed and posted for trading such Freely Tradeable Trust Units on each stock exchange on which the Trust Units are then listed.

(i) The Fund shall from time to time promptly pay, or make provision satisfactory to the Debenture Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province or territory thereof (except income tax or withholding tax) which shall be payable with respect to the issuance or delivery of Freely Tradeable Trust Units to holders of Debentures upon exercise of the Unit Repayment Right pursuant to the terms of the Debentures and of this Indenture.

(j) If the Fund elects to satisfy its obligation to pay all or any portion of the principal amount of Debentures due on the Maturity Date by issuing Freely Tradeable Trust Units in accordance with this Section 4.10 and if the principal amount (or any portion thereof) to which a Debentureholder is entitled is subject to withholding taxes and the amount of the cash payment of the principal amount due on the Maturity Date, if any, is insufficient to satisfy such withholding taxes, the Debenture Trustee, on the Written Direction of the Fund but for the account of the holder, shall sell, through the investment banks, brokers or dealers selected by the Fund, out of the Freely Tradeable Trust Units issued by the Fund for this purpose, such number of Freely Tradeable Trust Units that together with the cash component of the principal amount due on the Maturity Date is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Fund to the proper tax authorities within the period of time prescribed for this purpose under applicable laws. Any excess proceeds from such sale, after payment of all required withholding taxes, shall be paid to the holder.

(k) Each certificate representing Freely Tradeable Trust Units issued in payment of the principal amount of Debentures bearing the U.S. Legend set forth in Section 2.14, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall bear the U.S. Legend set forth in Section 2.14; provided that if the Freely Tradeable Trust Units are being sold outside the United States in accordance with Rule 904 of Regulation S, and provided that the Fund is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a declaration to the Debenture Trustee, as registrar and transfer agent for

the Trust Units, as set forth in Schedule E hereto (or as the Fund or the Debenture Trustee may prescribe from time to time); and provided further that, if any such securities are being sold within the United States in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the Debenture Trustee, as registrar and transfer agent for the Trust Units, of an opinion of counsel, of recognized standing reasonably satisfactory to the Fund, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Debenture Trustee obtains confirmation from the Fund that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

(l) Interest accrued and unpaid on the Debentures on the Maturity Date will be paid to holders of Debentures, in cash, in the manner contemplated in Section 2.15.

ARTICLE 5
SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The indebtedness, liabilities and obligations of the Fund hereunder (except as provided in Section 14.15) or under the Debentures, whether on account of principal, interest or otherwise, but excluding the issuance of Trust Units or other securities upon any conversion pursuant to Article 6, upon any redemption pursuant to Article 4, or at maturity pursuant to Article 4 (collectively the "**Debenture Liabilities**"), shall be subordinated and postponed and subject in right of payment, to the extent and in the manner hereinafter set forth in the following sections of this Article 5, to the full and final payment of all Senior Indebtedness of the Fund and each holder of any such Debenture by his acceptance thereof agrees to and shall be bound by the provisions of this Article 5.

The Senior Indebtedness shall continue to be Senior Indebtedness and shall be entitled to the benefits of this Article 5 irrespective of any amendment, modification or waiver of any term of such Senior Indebtedness and notwithstanding that no express written subordination agreement may have been entered into between the holders of such Senior Indebtedness and the Debenture Trustee or any of the Debentureholders.

5.2 Order of Payment

In the event of any voluntary or involuntary dissolution, winding-up or liquidation, or any bankruptcy, insolvency, receivership, creditor enforcement or realization or other similar proceedings relating to the Fund or any of its property (whether voluntary or involuntary, partial or complete) or any other marshalling of the assets and liabilities of the Fund, any reorganization or any sale, distribution or other transfer of all or substantially all of the assets of the Fund:

(a) all Senior Indebtedness shall first be paid in full, or provision made for such payment, before any payment or distribution is made on account of Debenture Liabilities;

(b) any payment or distribution of assets of the Fund, whether in cash, property or securities, to which the holders of the Debentures or the Debenture Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Senior Indebtedness before any payment or distribution is made to the Debentureholders or the Debenture Trustee; and

(c) the Senior Creditors or a receiver or a receiver-manager of the Fund or of all or part of its assets or any other enforcement agent may sell, mortgage, or otherwise dispose of the Fund assets in whole or in part, free and clear of all Debenture Liabilities and without the approval of the

Debentureholders or the Debenture Trustee or any requirement to account to the Debenture Trustee or the Debentureholders.

The rights and priority of the Senior Indebtedness and the subordination pursuant hereto shall not be affected by :

(i) the time, sequence or order of creating, granting, executing, delivering of, or registering, perfecting or failing to register or perfect any security notice, caveat, financing statement or other notice in respect of the Senior Security;

(ii) the time or order of the attachment, perfection or crystallization of any security constituted by the Senior Security;

(iii) the taking of any collection, enforcement or realization proceedings pursuant to the Senior Indebtedness;

(iv) the date of obtaining of any judgment or order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to the entitlement of the Senior Creditors, or any of them or the Debentureholders or other Trustee or any of them to any money or property of the Fund;

(v) the failure to exercise any power or remedy reserved to the Senior Creditors under documents evidencing the Senior Indebtedness or under the Senior Security or to insist upon a strict compliance with any terms thereof;

(vi) whether any Senior Security is now perfected, hereafter ceases to be perfected, is avoidable by any trustee in bankruptcy or like official or is otherwise set aside, invalidated or lapses;

(vii) the date of giving or failing to give notice to or making demand upon the Fund or Priszm Inc. (as administrator of the Fund); or

(viii) any other matter whatsoever.

5.3 **Subrogation to Rights of Holders of Senior Indebtedness**

Subject to the prior payment in full of all Senior Indebtedness, the holders of the Debentures shall be subrogated to the rights of the holders of Senior Indebtedness or their representative or representatives, or the trustee or trustees under any indenture pursuant to which any instrument evidencing any such Senior Indebtedness may have been issued, to receive payments or distributions of assets of the Fund to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of, premium, if any, and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the holders of the Senior Indebtedness, shall, as between the Fund, its creditors other than the holders of Senior Indebtedness, and the holders of Debentures, be deemed to be a payment by the Fund to the holders of the Senior Indebtedness or on account of the Senior Indebtedness, it being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of Senior Indebtedness, on the other hand.

The Debenture Trustee, for itself and on behalf of each of the Debentureholders, hereby waives any and all rights to require a Senior Creditor to pursue or exhaust any rights or remedies with respect to the Fund or any property and assets subject to the Senior Security or in any other manner to require the marshalling of property, assets or security in connection with the exercise by the Senior Creditors of any rights, remedies or recourses available to them.

5.4 Obligation to Pay Not Impaired

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Fund, its creditors other than the holders of Senior Indebtedness, and the holders of the Debentures, the obligation of the Fund, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Fund other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Debenture Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law or under this Indenture upon default under this Indenture, subject to the rights, if any, under this Article 5 of the holders of Senior Indebtedness.

5.5 No Payment if Senior Indebtedness in Default

(a) No payment of any principal of, premium, if any, or interest (or any other amounts payable) in respect of the Debentures (including the Initial Debentures) or in respect of any Redemption Price or Offer Price in respect of any such Debentures may be made, and neither the Debenture Trustee nor any Debentureholder will be entitled to institute proceedings (other than as may be necessary to preserve a limitation period) for the collection of, or receive any payment or benefit (including, without limitation, by setoff, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures:

(i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures;

(ii) at any time when an event of default has occurred under Senior Indebtedness, and such event of default is continuing and notice of such event of default has been given by or on behalf of the holders of such Senior Indebtedness to the Fund unless and until such Senior Indebtedness has been paid and satisfied in full or such event of default shall have been cured or waived in writing in accordance with the provisions of such Senior Indebtedness;

(iii) if the making of any such payment or the taking of any such action would create, by the lapse of time or giving of notice, an event of default under any Senior Indebtedness unless and until such Senior Indebtedness has been satisfied in full or the making of any such payment or taking of such action would no longer create, by the lapse of time or giving of notice, an event of default under any Senior Indebtedness.

(b) If, notwithstanding Section 5.2(b) or 5.5(a), the Debenture Trustee receives any payment when such payment should have been paid to the holders of Senior Indebtedness pursuant to Section 5.2(b) or is prohibited by Section 5.5(a), as the case may be, such payment shall be held in trust for the benefit of, and shall be paid or delivered to, the holders of the Senior Indebtedness or their respective representative or representatives, or to the trustee or trustees under which any instruments evidencing such Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Fund, to the extent necessary to pay such Senior Indebtedness in full, in cash, after giving effect to any other concurrent payment or distribution to or for the benefit of the holders of such Senior Indebtedness.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Fund to make, or prevent the Fund from making, at any time except as prohibited by Section 5.5, any payment of principal of, premium, if any, or interest on the Debentures. The fact that any such payment is prohibited by Section 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall prevent the conversion of the Debentures or, except as prohibited by Section 5.5, the application by the

Debenture Trustee of any monies deposited with the Debenture Trustee hereunder for the purpose, to the payment of or on account of the Debenture Liabilities.

5.7 Confirmation of Subordination

Each holder of Debentures by his or her acceptance of the Debentures authorizes and directs the Debenture Trustee on his or her behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Debenture Trustee his attorney-in-fact for any and all such purposes. Upon request of the Fund, and upon being furnished with an Officer's Certificate stating that one or more named Persons are Senior Creditors and specifying the amount and nature of the Senior Indebtedness of such Senior Creditor, the Debenture Trustee shall enter into a written agreement or agreements with the Fund and the Person or Persons named in such Officer's Certificate providing that such Person or Persons are entitled to all the rights and benefits of this Article 5 as a Senior Creditor. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, provided however, nothing herein shall impair the rights of any Senior Creditor who has not entered into such an agreement.

5.8 Knowledge of Debenture Trustee

Notwithstanding the provisions of this Article 5 or any provision in this Indenture or in the Debentures, the Debenture Trustee will not be charged with knowledge of any Senior Indebtedness or of any default in the payment thereof, or of the existence of any other fact that would prohibit the making of any payment of monies to or by the Debenture Trustee, or the taking of any other action by the Debenture Trustee, unless and until the Debenture Trustee has received written notice thereof from the Fund, any Debentureholder or any Senior Creditor

5.9 Debenture Trustee May Hold Senior Indebtedness

The Debenture Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Debenture Trustee of any of its rights as such holder of Senior Indebtedness. The Debenture Trustee is the trustee under an indenture governing certain Senior Indebtedness of the Fund.

5.10 Rights of Holders of Senior Indebtedness Not Impaired

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Fund or by any non-compliance by the Fund with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

5.11 Altering the Senior Indebtedness

The holders of the Senior Indebtedness have the right to extend, renew, modify or amend the terms of the Senior Indebtedness or any security therefor and to release, sell or exchange such security and otherwise to deal freely with the Fund, all without notice to or consent of the Debentureholders or the Debenture Trustee and without affecting the provisions of this Article 5 or the other liabilities and obligations of the parties to this Indenture or the Debentureholders or the Debenture Trustee.

5.12 Additional Indebtedness

This Indenture does not restrict the Fund from incurring additional Senior Indebtedness or other indebtedness for borrowed money (including any indebtedness ranking *pari passu* with any Debentures) or otherwise or mortgaging, pledging or charging its properties to secure any indebtedness.

5.13 Right of Debentureholder to Convert Not Impaired

The subordination of the Debentures to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6.

5.14 Invalidated Payments

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of this Article shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the Senior Creditors any rights or recourses against the Debenture Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

5.15 Contesting Security

The Debenture Trustee, for itself and on behalf of the Debentureholders, agrees that it shall not contest or bring into question the validity, perfection or enforceability of any of the Senior Security, or the relative priority of the Senior Security.

ARTICLE 6
CONVERSION OF DEBENTURES

6.1 Applicability of Article

Any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction on the conversion of Debentures of such series) will be convertible into Trust Units, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including Section 3.7 hereof), in such Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof.

Such right of conversion shall extend only to the maximum number of whole Trust Units into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Trust Units shall be adjusted for in the manner provided in Section 6.6.

6.2 Notice of Expiry of Conversion Privilege

Notice of the expiry of the conversion privileges of the Debentures shall be given by or on behalf of the Fund, not more than 60 days and not less than 30 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 13.2.

6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Fund is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Fund to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Fund's offer, respectively.

6.4 Manner of Exercise of Right to Convert

(a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Trust Units shall surrender such Debenture to the Debenture Trustee at its principal office in Toronto, Ontario together with the conversion notice in the form attached hereto as Schedule "D" or any other written notice in a form satisfactory to the Debenture Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or her or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Debenture Trustee, exercising his or her right to convert such Debenture in accordance with the provisions of this Article; provided that with respect to a Global Debenture, the obligation to

surrender a Debenture to the Debenture Trustee shall be satisfied if the Debenture Trustee makes notation on the Global Debenture of the principal amount thereof so converted and the Debenture Trustee is provided with all other documentation which it may request. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes and withholding taxes or other governmental charges and compliance with all reasonable requirements of the Debenture Trustee, his or her nominee(s) or assignee(s) shall be entitled to be entered in the books of the Fund as at the Date of Conversion (or such later date as is specified in Section 6.4(b)) as the holder of the number of Trust Units into which such Debenture is convertible in accordance with the provisions of this Article 6 and, as soon as practicable thereafter, the Fund shall deliver to such Debentureholder or, subject as aforesaid, his or her nominee(s) or assignee(s), a certificate or certificates for such Trust Units and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 6.4(e) hereof.

(b) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date (the "**Date of Conversion**") on which it is so surrendered when the register of the Debenture Trustee is open and in accordance with the provisions of this Article 6 or, in the case of a Global Debenture which the Debenture Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Debenture Trustee at its office specified in Section 6.4(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Trust Units is closed, the Person or Persons entitled to receive Trust Units shall become the holder or holders of record of such Trust Units as at the date on which such register is next reopened.

(c) Any part, being $1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of $1,000 may be converted as provided in this Article 6 and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such part.

(d) Upon a holder of any Debenture exercising his or her right of conversion in respect of only a part of the Debenture and surrendering such Debenture to the Debenture Trustee, in accordance with Section 6.4(a) the Debenture Trustee shall cancel the same and shall without charge forthwith certify and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to a Global Debenture, the Debenture Trustee shall make notations on the Global Debenture of the principal amount thereof so converted.

(e) The holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of Debentures of any series) to receive accrued and unpaid interest in respect thereof up to but excluding the Date of Conversion and the Trust Units issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of unitholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Trust Units pursuant to Section 6.4(b), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Trust Units.

(f) Upon conversion of any Global Debentures, the Depository shall make notations on the Global Debentures of the principal amount of Debentures so converted, which notations shall be authenticated by the Debenture Trustee, and the Fund and the Debenture Trustee shall cause to be deposited with the Depository the Trust Units into which the Debentures have been converted.

6.5 **Adjustment of Conversion Price**

The Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

(a) If and whenever at any time prior to the Time of Expiry the Fund shall (i) subdivide or redivide the outstanding Trust Units into a greater number of units, (ii) reduce, combine or consolidate the outstanding Trust Units into a smaller number of units, or (iii) issue Trust Units (or securities convertible into or exchangeable for Trust Units) to the holders of all or substantially all of the outstanding Trust Units by way of a dividend or distribution (other than the issue of Trust Units (or securities convertible into or exchangeable for Trust Units) to holders of Trust Units who have elected to receive dividends or distributions in the form of securities of the Fund in lieu of cash dividends or cash distributions paid in the ordinary course on the securities of the Fund), the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Trust Units by way of a dividend or distribution, as the case may be, in the case of any of the events referred to in (i), (ii) and (iii) above, shall be adjusted immediately so that it shall equal the price determined by multiplying the Conversion Price in effect on the date immediately preceding the effective date of such event by a fraction, the numerator of which shall be the total number of Trust Units outstanding on such date before giving effect to any event referred to in any of (i), (ii) or (iii) above and the denominator of which shall be the total number of Trust Units outstanding immediately after giving effect to such event. Such adjustment shall be made successively whenever any event referred to in this Section 6.5(a) shall occur. Any such issue of Trust Units by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Trust Units under subsections (b) and (c) of this Section 6.5.

(b) If and whenever at any time prior to the Time of Expiry the Fund shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Trust Units entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Trust Units (or securities convertible into or exchangeable for Trust Units) at a price per unit (or having a conversion or exchange price per unit) less than 95% of the Current Market Price of a Trust Unit on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Trust Units outstanding on such record date plus a number of Trust Units equal to the quotient obtained by dividing the aggregate price of the total number of additional Trust Units offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Trust Unit, and of which the denominator shall be the total number of Trust Units outstanding on such record date plus the total number of additional Trust Units offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only the number of Trust Units (or securities convertible into Trust Units) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

(c) If and whenever at any time prior to the Time of Expiry the Fund shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Trust Units of (i) units of any class other than Trust Units and other than units distributed to holders of Trust Units who have elected to receive dividends or distributions in the form of such units in lieu of dividends or distributions paid in the ordinary course, (ii) rights, options or warrants (excluding

rights, options or warrants entitling the holders thereof for a period of not more than 45 days to subscribe for or purchase Trust Units or securities convertible into or exchangeable for Trust Units), (iii) evidences of its indebtedness, or (iv) assets (excluding dividends or distributions paid in the ordinary course) then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Trust Units outstanding on such record date multiplied by the Current Market Price per Trust Unit on such record date, less the fair market value (as determined by the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, but subject to the prior written consent of the Toronto Stock Exchange (or such other stock exchange on which the Trust Units may be listed), which determination shall be conclusive) of such units or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Trust Units outstanding on such record date multiplied by such Current Market Price per Trust Unit. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only such units or rights, options or warrants or evidences of indebtedness or assets actually distributed were included in such fraction, as the case may be. In clause (iv) of this subsection (c), the term "dividends or distributions paid in the ordinary course" shall include the value of any securities or other property or assets distributed in lieu of cash dividends or distributions paid in the ordinary course at the option of unitholders.

(d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Trust Units or a capital reorganization of the Fund other than as described in Section 6.5(a) or a consolidation, amalgamation, arrangement or merger of the Fund with or into any other Person or a sale, conveyance or lease of the properties and assets of the Fund as an entirety or substantially as an entirety to any other Person or a liquidation, dissolution or winding-up or other similar transaction of the Fund, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, conveyance or lease or liquidation, dissolution or winding-up or other similar transaction, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Trust Units then sought to be acquired by it, the number of trust units, shares or other securities or property of the Fund or of the Person resulting from such reclassification, capital reorganization, merger, amalgamation, arrangement or consolidation, or to which such sale, conveyance or lease may be made or which holders of Trust Units receive pursuant to such liquidation, dissolution or winding-up or other similar transaction, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, conveyance or lease or liquidation, dissolution or winding-up or other similar transaction, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Trust Units sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, to give effect to or to evidence the provisions of this Section 6.5(d), the Fund, its successor, or such purchasing Person, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, conveyance or lease or liquidation, dissolution or winding-up or other similar transaction, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any trust units, shares or other securities or property to which a holder of Debentures is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Fund and the Debenture Trustee pursuant to the provisions of this Section 6.5(d), shall be a supplemental

indenture entered into pursuant to the provisions of Article 15. Any indenture entered into between the Fund, any successor to the Fund or such purchasing Person or other entity and the Debenture Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.5(d), and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, arrangements, mergers, sales, conveyances, leases, liquidations, dissolutions, winding-ups or other similar transactions.

(e) In any case in which this Section 6.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Fund may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Trust Units issuable upon such conversion by reason of the adjustment required by such event; provided, however, that the Fund shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Trust Units upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Trust Units declared in favour of holders of record of Trust Units on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 6.5(e), have become the holder of record of such additional Trust Units pursuant to Section 6.4(b).

(f) The adjustments provided for in this Section 6.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 6.5, provided that, notwithstanding any other provision of this Section 6.5, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 6.5(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(g) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question shall be conclusively determined by a firm of nationally recognized chartered accountants appointed by the Fund (who may be the Fund's Auditors) and acceptable to the Debenture Trustee; such chartered accountants shall have access to all necessary records of the Fund and such determination shall be binding upon the Fund, the Debenture Trustee, and the Debentureholders.

(h) In case the Fund shall take any action affecting the Trust Units other than action described in this Section 6.5, which in the opinion of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, subject to the prior written consent of the Toronto Stock Exchange or, if the Debentures are not listed thereon, such other exchange on which the Debentures are then listed, as the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, in their sole discretion may determine to be equitable in the circumstances. Failure of such trustees or directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

(i) Subject to the prior written consent of the Toronto Stock Exchange or, if the Debentures are not listed thereon, such other exchange on which the Debentures are then listed, no adjustment in the Conversion Price shall be made in respect of any event described in Sections 6.5(a), 6.5(b) or 6.5(c) other than the events described in Sections 6.5(a)(i) or 6.5(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms *mutatis mutandis* as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.

(j) Except as stated above in this Section 6.5, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Trust Units at less than the Current Market Price for such Trust Units on the date of issuance or the then applicable Conversion Price.

6.6 No Requirement to Issue Fractional Trust Units

The Fund shall not be required to issue fractional Trust Units upon the conversion of Debentures pursuant to this Article 6. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Trust Units issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Trust Unit would, except for the provisions of this Section 6.6, be deliverable upon the conversion of any principal amount of Debentures, the Fund shall, in lieu of delivering any Trust Unit certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest of such Trust Unit which would have been issuable multiplied by the Current Market Price on the Conversion Date.

6.7 Fund to Reserve Trust Units

The Fund covenants with the Debenture Trustee that it will at all times reserve and keep available out of its authorized Trust Units, solely for the purpose of issue upon conversion of Debentures as provided in this Article 6, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Trust Units as shall then be issuable upon the conversion of all outstanding Debentures. The Fund covenants with the Debenture Trustee that all Trust Units which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

6.8 Cancellation of Converted Debentures

Except as set forth in Section 6.4(f), all Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article 6 shall be forthwith delivered to and cancelled by the Debenture Trustee and no Debenture shall be issued in substitution therefor.

6.9 Certificate as to Adjustment

The Fund shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.5, deliver an Officer's Certificate to the Debenture Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by an opinion of a firm of nationally recognized chartered accountants appointed by the Fund (who may be the Fund's Auditors) and acceptable to the Debenture Trustee and shall be conclusive and binding on all parties in interest. When so verified, the Fund shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Trust Units referred to in Sections 6.5(a)(i) or 6.5(a)(ii) forthwith give notice to the Debentureholders in the manner provided in Section 13.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that, if the Fund has previously given notice under this Section 6.9 covering all the relevant facts in respect of such event and if the Debenture Trustee approves, no such notice need be given under this Section 6.9.

6.10 Notice of Special Matters

The Fund covenants with the Debenture Trustee that so long as any Debenture remains outstanding, it will give notice to the Debenture Trustee, and to the Debentureholders in the manner provided in Section 13.2, of its intention to fix a record date for any event referred to in Sections 6.5(a), (b) or (c) (other than the subdivision, redivision, reduction, combination or consolidation of its Trust Units referred to in Sections 6.5(a)(i) or 6.5(a)(ii) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Fund shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than fourteen (14) days in each case prior to such applicable record date.

6.11 Protection of Debenture Trustee

Subject to Section 14.3, the Debenture Trustee:

(a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

(b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Trust Units or of any units, shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and

(c) shall not be responsible for any failure of the Fund to make any cash payment or to issue, transfer or deliver Trust Units, units or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article 6.

6.12 U.S. Legend on Trust Units

Each certificate representing Trust Units issued upon conversion of Debentures pursuant to this Article 6 bearing the U.S. Legend set forth in Section 2.14, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall also bear the U.S. Legend set forth in Section 2.14; provided that if the Trust Units are being sold outside the United States in accordance with Rule 904 of Regulation S, and provided that the Fund is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a declaration to the registrar and transfer agent for the Trust Units, as set forth in Schedule E hereto (or as the Fund may prescribe from time to time); and provided further that, if any such securities are being sold within the United States in accordance with an exemption from the registration requirements under the 1933 Act, the U.S. Legend may be removed by delivery to the registrar and transfer agent for the Trust Units, of an opinion of counsel, of recognized standing reasonably satisfactory to the Fund and the registrar and transfer agent for the Trust Units, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Debenture Trustee obtains confirmation from the Fund that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

ARTICLE 7
COVENANTS OF THE FUND

The Fund hereby covenants and agrees with the Debenture Trustee for the benefit of the Debenture Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

7.1 To Pay Principal, Premium (if any) and Interest, etc.

The Fund will duly and punctually pay or cause to be paid to every Debentureholder all amounts payable in respect of the Debentures of which it is the holder including the principal of, premium (if any) and interest accrued on the Debentures and/or if, applicable, the Redemption Price and the Offer Price on the dates, at the places and in the manner described herein and in the Debentures.

7.2 To Pay Debenture Trustee's Remuneration

The Fund will pay the Debenture Trustee reasonable remuneration for its services as Debenture Trustee hereunder and will repay to the Debenture Trustee on demand all monies which shall have been paid by the Debenture Trustee in connection with the execution of the trusts hereby created and such monies including the Debenture Trustee's remuneration, shall be payable out of any funds coming into the possession of the Debenture Trustee in priority to payment of any principal of the Debentures or interest thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

7.3 To Give Notice of Default

The Fund shall notify the Debenture Trustee immediately upon obtaining knowledge of any default or Event of Default hereunder.

7.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Fund will carry on and conduct its activities, and cause its Subsidiaries to carry on and conduct their businesses, in a proper and business-like manner, and will do or cause to be done all things necessary to maintain its existence.

7.5 Keeping of Books

The Fund will keep or cause to be kept proper books of record and account, in accordance with Canadian generally accepted accounting principles.

7.6 To Maintain Listings

The Fund will use its best efforts to maintain the listing of the Trust Units and the Debentures on the Toronto Stock Exchange, and to maintain the Fund's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation; provided that, for greater certainty, the foregoing covenant shall not prevent or restrict the Fund from carrying out a transaction to which Article 10 would apply if carried out in compliance with Article 10 even if as a result of such transaction the Fund ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Trust Units or Debentures cease to be listed on the Toronto Stock Exchange or any other stock exchange.

7.7 To Provide Financial Statements

The Fund will furnish to the Debenture Trustee a copy of all consolidated financial statements of the Fund, whether annual or interim and the report, if any, of the Fund's auditors thereon and all annual or periodic financial reports of the Fund, which are furnished to the holders of Trust Units promptly upon the distribution thereof to the holders of the Trust Units, provided that the Fund shall not be required to furnish such statements where holders of Debentures have elected not to receive them in accordance with Applicable Securities Legislation.

7.8 Annual Certificate of Compliance

The Fund shall deliver to the Debenture Trustee, within 120 days after the end of each calendar year, an Officer's Certificate certifying that after reasonable investigation and inquiry, the Fund has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

7.9 No Distributions on Trust Units if Event of Default

The Fund shall not declare or make any distribution to the holders of its issued and outstanding Trust Units after the occurrence of a default or an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist. In addition, the Fund shall not declare any distribution to the holders of its issued and outstanding Trust Units if at the time the trustees of the Fund or a committee thereof resolves to make the said declaration, the Fund has actual knowledge that the paying of said distribution on the applicable distribution payment date will result in a default or an Event of Default.

7.10 Performance of Covenants by Debenture Trustee

If the Fund shall fail to perform any of its covenants contained in this Indenture, the Debenture Trustee may notify the Debentureholders of such failure on the part of the Fund or may itself perform any of the covenants capable of being performed by it, but (subject to Section 8.2 and Section 14.3) shall be under no

obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Debenture Trustee shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Debenture Trustee shall be deemed to relieve the Fund of any default hereunder.

ARTICLE 8
DEFAULT

8.1 Events of Default

Each of the following events constitutes, and is herein referred to as, an "**Event of Default**":

(a) failure for 15 days to pay interest on the Debentures when due and payable;

(b) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise;

(c) failure to make an Offer when required as a result of a Change of Control or failure to pay the Offer Price when due and payable;

(d) default in the observance or performance of any material covenant or condition in the Indenture by the Fund for a period of 30 days after notice in writing has been given to the Fund by the Debenture Trustee or by the holders of not less than 25% of the principal amount of the Debentures specifying such default and requiring the Fund to remedy such default;

(e) if a decree or order of a court having jurisdiction is entered adjudging the Fund a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Fund, or appointing a receiver of, or of any substantial part of, the property of the Fund or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;

(f) if the Fund institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or appoints or consents to the appointment of a receiver of, or of any substantial part of, the property of the Fund or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

(g) an encumbrancer taking possession of or appointing a receiver for all or substantially all property of the Fund;

(h) if a resolution is passed for the winding-up or liquidation of the Fund except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 10.1 are duly observed and performed; or

(i) if, after the date of this Indenture, any proceedings with respect to the Fund are taken with respect to a compromise or arrangement, with respect to creditors of the Fund generally, under the applicable legislation of any jurisdiction.

Upon the occurrence of any Event of Default, the Debenture Trustee may, in its discretion, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding, subject to the provisions of Section 8.3, by notice in writing to the Fund declare the principal of, premium, if any, and interest on all Debentures (and, where such a declaration is based upon a voluntary winding-up or liquidation of the Fund, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Fund on the date of such declaration) then outstanding and all other monies outstanding hereunder to be due and payable and the same shall forthwith become immediately due and payable to

the Debenture Trustee and, subject to Section 5.5, the Fund shall forthwith pay to the Debenture Trustee for the benefit of the Debentureholders such principal, premium, if any, accrued and unpaid interest and interest on amounts in default on the Debentures and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest and such other monies from the date of such declaration until payment is received by the Debenture Trustee, such subsequent interest to be payable at the times and places and in the monies mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Fund's obligations hereunder and any monies so received by the Debenture Trustee shall be applied in the manner provided in Section 8.6.

For greater certainty, for the purpose of this Section 8.1, if an Event of Default under Section 8.1(a) or Section 8.1(b) has occurred only with respect to Debentures of a particular series, references to Debentures in this Section 8.1 shall only refer to Debentures of such particular series.

For the purposes of this Article 8, if an Event of Default under Section 8.1(a) or Section 8.1(b) has occurred only with respect to Debentures of a particular series, then this Article 8 shall apply *mutatis mutandis* to the Debentures of such series and references in this Article 8 to the Debentures shall mean only Debentures of such series and references to the Debentureholders shall refer only to the Debentureholders of such series, as applicable.

8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Debenture Trustee shall, within 30 days after it receives written notice of the occurrence (or otherwise becomes aware) of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 13.2, provided that notwithstanding the foregoing, unless the Debenture Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Debenture Trustee shall not be required to give such notice if the Debenture Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Fund in writing.

Where notice of the occurrence of any Event of Default is given by the Debenture Trustee under this Section 8.2 and the Event of Default is thereafter cured, the Debenture Trustee shall, within 20 calendar days after becoming aware of the curing of the Event of Default give notice to the Debentureholders in the manner provided in Section 13.2 that the Event of Default is no longer continuing and shall so advise the Fund in writing in the manner provided by Section 13.1.

8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

(a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to Section 8.1 and the Debenture Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Fund of any covenant applicable only to one or more series of Debentures, then the holders of more than 50% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Debenture Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and

(b) the Debenture Trustee, so long as it has not become bound to declare the principal of, premium (if any), and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Debenture Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the

exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable.

No such act or omission either of the Debenture Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.4 Enforcement by the Debenture Trustee

Subject to the provisions of Article 5 and Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Fund shall fail to pay to the Debenture Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of, premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Debenture Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of, premium (if any) and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Debenture Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Debenture Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Debenture Trustee shall deem expedient.

The Debenture Trustee shall be entitled and empowered, either in its own name or as Debenture Trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Debenture Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Fund or its creditors or relative to or affecting the Fund's property. The Debenture Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Debenture Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Debenture Trustee, in order to have the respective claims of the Debenture Trustee and of the holders of the Debentures against the Fund or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture shall be deemed to give to the Debenture Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Debenture Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Debenture Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Debenture Trustee shall be brought in the name of the Debenture Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Debenture Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Debenture Trustee shall be a party) the Debenture Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

8.5 No Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of, premium (if any) or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Fund wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Debenture Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Debenture Trustee and the Debenture Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Debenture Trustee, when so requested by the Debenture Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Debenture Trustee shall be entitled to act and shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Debenture Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

8.6 Application of Monies by Debenture Trustee

(a) Except as herein otherwise expressly provided, any monies received by the Debenture Trustee from the Fund pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Fund, shall be applied, together with any other monies in the hands of the Debenture Trustee available for such purpose, as follows:

(i) first, in payment or in reimbursement to the Debenture Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Debenture Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

(ii) second, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to (and in the case of applicable withholding taxes, if any, on behalf of) the holders of Debentures, of the principal of, premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and

(iii) third, in payment of the surplus, if any, of such monies to the Fund or its assigns;

provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal of, premium (if any) or interest on any Debenture held, directly or indirectly, by or for the benefit of the Fund or any affiliate (other than any Debenture pledged for value and in good faith to a Person other than the Fund or any affiliate but only to the extent of such Person's interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

(b) The Debenture Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Debenture Trustee may think necessary to provide for the payments mentioned in Section 8.6(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 14.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under

its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall not, however, apply to a final payment in distribution hereunder.

8.7 Notice of Payment by Debenture Trustee

Not less than 15 days notice shall be given in the manner provided in Section 13.2 by the Debenture Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

8.8 Debenture Trustee May Demand Production of Debentures

The Debenture Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Debenture Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Fund as the Debenture Trustee shall deem sufficient.

8.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Debenture Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

8.10 Judgment Against the Fund

The Fund covenants and agrees with the Debenture Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Debenture Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

8.11 Immunity of Debenture Trustee and Others

The Debentureholders and the Debenture Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer or director of Priszm Inc. (as administrator of the Fund), any trustee or manager of the Fund or holder of trust units of the Fund or of any successor thereto, for the payment of the principal of or premium or interest on any of the Debentures or for any breach of any covenant, agreement, representation or warranty by the Fund contained herein or in the Debentures.

ARTICLE 9
SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof, whether on the Maturity Date, Redemption Date, the date of a change of Control or on any other payment date, be delivered to the Debenture Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Debenture Trustee and, if required by the Fund, the Debenture Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

9.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Debenture Trustee may require:

(a) the Fund shall be entitled to pay or deliver to the Debenture Trustee and direct it to set aside; or

(b) in respect of monies or Trust Units in the hands of the Debenture Trustee which may or should be applied to the payment of the Debentures, the Fund shall be entitled to direct the Debenture Trustee to set aside; or

(c) if the redemption was pursuant to notice given by the Debenture Trustee, the Debenture Trustee may itself set aside;

the principal, premium (if any) or the interest, as the case may be, on such holder's Debentures in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Trust Units, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Trust Units, if applicable, so set aside by the Debenture Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Monies or Trust Units

Subject to applicable law, any monies or Trust Units, if applicable, set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 within six years after the date of such setting aside shall be repaid and delivered to the Fund by the Debenture Trustee and thereupon the Debenture Trustee shall be released from all further liability with respect to such monies or Trust Units, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Trust Units, if applicable, were so repaid to the Fund shall have no rights in respect thereof except to obtain payment and delivery of the monies or Trust Units, if applicable, from the Fund subject to any limitation provided by the laws of the Province of Ontario.

9.4 Discharge

The Debenture Trustee shall at the written request of the Fund release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Fund from its covenants herein contained (other than the provisions relating to the indemnification of the Debenture Trustee), upon proof being given to the reasonable satisfaction of the Debenture Trustee that the principal of, premium (if any) and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of, premium (if any) and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

9.5 Satisfaction

(a) The Fund shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures or all of the outstanding Debentures of any series and the Debenture Trustee, at the expense of the Fund, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures of any series, as applicable, either:

(i) the Fund has deposited or caused to be deposited with the Debenture Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an

amount in money or Trust Units, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal, premium, if any, and interest, if any, on the Debentures to the Maturity Date, or any repayment date or Redemption Dates, as the case may be, of such Debentures; or

(ii) the Fund has deposited or caused to be deposited with the Debenture Trustee as trust property in trust for the purpose of making payment on such Debentures:

(A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Trust Units, if applicable; or

(B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the government that issued the currency or currency unit in which the Debentures are payable or Trust Units, if applicable;

as will, together with the income to accrue thereon, be sufficient to pay and discharge the entire amount of principal, premium, if any and accrued and unpaid interest to the Maturity Date, Redemption Date or any repayment date, as the case may be, of all such Debentures;

and in either event:

(iii) the Fund has paid, caused to be paid or made provisions to the satisfaction of the Debenture Trustee for the payment of all other sums payable with respect to all of such Debentures (together with all applicable expenses of the Debenture Trustee in connection with the payment of such Debentures); and

(iv) the Fund has delivered to the Debenture Trustee an Officer's Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Debenture Trustee referred to in this Section 9.5 shall be irrevocable, subject to Section 9.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Debenture Trustee and its Counsel and which provides for the due and punctual payment of the principal of, and interest and premium, if any, and all other amounts owing on the Debentures being satisfied.

(b) Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures, or all the outstanding Debentures of any series, as applicable, the terms and conditions of such Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2, Article 4, Article 5, Article 6, Section 8.4 and Article 10 and the provisions of Article 1 pertaining to the foregoing provisions) shall no longer be binding upon or applicable to the Fund.

(c) Any funds or obligations deposited with the Debenture Trustee pursuant to this Section 9.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.

(d) If the Debenture Trustee is unable to apply any money or securities in accordance with this Section 9.5 by reason of Article 5 or any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Fund's obligations under this Indenture and the affected Debentures shall be revived and

reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Debenture Trustee is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Fund has made any payment in respect of principal, premium or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the rights of the Fund shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Debenture Trustee.

9.6 Continuance of Rights, Duties and Obligations

(a) Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Fund shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4, Article 5, Article 6 and Article 10 and the provisions of Article 1 pertaining to the foregoing.

(b) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect of a series of Debentures (the "**Defeased Debentures**"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Trust Units or other securities of the Fund in accordance with Subsection 2.4(g), Article 6 or any other provision of this Indenture, the Debenture Trustee shall upon receipt of a Written Direction of the Fund return to the Fund the proportionate amount of the funds or other trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

(c) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Fund is required to make an Offer to purchase any outstanding Debentures pursuant to Subsection 2.4(i) in relation to Initial Debentures or to make an offer to purchase Debentures pursuant to any other similar provisions relating to any other series of Debentures, the Fund shall be entitled to use any trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Fund the Total Offer Price payable to such holders in respect of such Offer in respect of Initial Debentures (or the total offer price payable in respect of an offer relating to any other series of Debentures). Upon receipt of a Written Direction from the Fund, the Debenture Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures the amount which is applicable to the Defeased Debentures held by such holders who have accepted any such offer (which amount shall be based on the applicable principal amount of the Defeased Debentures held by accepting offerees in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 10
SUCCESSORS

10.1 Restrictions on Amalgamation, Merger and Sale of Certain Assets, etc.

Subject to the provisions of Article 11, the Fund shall not enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the property of any other Person (herein called a "**Successor**") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, conveyance, lease, sale or otherwise, unless:

(a) prior to or contemporaneously with the consummation of such transaction the Fund and the Successor shall have executed such instruments and done such things as, in the opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed by way of supplemental indenture all the covenants and obligations of the Fund under this Indenture in respect of the Debentures;

(ii) the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Debentureholders under this Indenture;

(iii) the Successor is a corporation, partnership, limited liability company or trust organized or existing under the laws of Canada or any province or territory thereof; and

(iv) in the case of an entity organized otherwise than under the laws of the Province of Ontario, the Successor shall attorn to the jurisdiction of the courts of the Province of Ontario;

(b) such transaction, in the opinion of Counsel, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Debenture Trustee or of the Debentureholders hereunder;

(c) no condition or event shall exist as to the Fund (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would with the giving of notice or lapse of time constitute an Event of Default hereunder; and

(d) the Fund shall have delivered to the Debenture Trustee an Officer's Certificate confirming that all requirements of this Article 10 have been complied with in respect of such transaction or series of transactions.

10.2 Vesting of Powers in Successor

Whenever the conditions of Section 10.1 shall have been duly observed and performed, any Successor formed by or resulting from such transaction or series of transactions shall succeed to, and be substituted for, and may exercise every right and power of the Fund under this Indenture with the same effect as though the Successor had been named as the Fund herein and thereafter, except in the case of a lease or other similar disposition of property to the Successor, the Fund shall be relieved of all obligations and covenants under this Indenture and the Debentures forthwith upon the Fund delivering to the Debenture Trustee an opinion of Counsel to the effect that the transaction or series of transactions shall not result in any material adverse tax consequences to the Fund or the Successor. The Debenture Trustee will, at the expense of the Successor, execute any documents which it may be advised by Counsel are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 11
COMPULSORY ACQUISITION

11.1 Definitions

In this Article:

(a) "**Associate**" has the meaning set forth in the *Securities Act* (Ontario);

(b) "**Debenture Offer**" means an offer to acquire outstanding Debentures where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Debenture Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;

(c) "**Debenture Offeror**" means a Person, or two or more Persons acting jointly or in concert, who make a Debenture Offer to acquire Debentures;

(d) "**Debenture Offeror's Debentures**" means Debentures beneficially owned, or over which control or direction is exercised, on the date of a Debenture Offer by the Debenture Offeror or any affiliate or Associate of the Debenture Offeror.

(e) "**Debenture Offeror's Notice**" means the notice described in Section 11.3; and

(f) "**Dissenting Debentureholders**" means a Debentureholder who does not accept a Debenture Offer referred to in Section 11.2 and includes any assignee of the Debenture of such Debentureholder to whom such a Debenture Offer is made, whether or not such assignee is recognized under this Indenture; and

(g) "**offer to acquire**" includes an acceptance of an offer to sell.

11.2 Debenture Offer for Debentures

If a Debenture Offer for all of the outstanding Debentures (other than Debentures held by or on behalf of the Debenture Offeror or an affiliate or Associate of the Debenture Offeror) is made and:

(a) within the time provided in the Debenture Offer for its acceptance or within 60 days after the date the Debenture Offer is made, whichever period is the shorter, the Debenture Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures as of the date of the Debenture Offer, other than the Debenture Offeror's Debentures;

(b) the Debenture Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Debenture Offer; and

(c) the Debenture Offeror complies with Sections 11.3 and 11.6;

then the Debenture Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Debenture Offeror, the Debentures held by the Dissenting Debentureholders for the same consideration per Debenture of the same series as those held by the Dissenting Debentureholders payable or paid, as the case may be, under the Debenture Offer, and otherwise on the same terms and subject to the conditions set forth in this Article 11, provided that holders of Debentures will have the right to elect to be paid the fair value of their Debentures by providing notice to the Debenture Offeror within 20 days after the Debenture Offeror's Notice is given.

11.3 Debenture Offeror's Notice to Dissenting Shareholders

Where a Debenture Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 11.2 and the Debenture Offeror wishes to exercise such right, the Debenture Offeror shall send by registered mail within 30 days after the date of termination of the Debenture Offer a notice (the "**Debenture Offeror's Notice**") to each Dissenting Debentureholder stating that:

(a) Debentureholders holding at least 90% of the outstanding principal amount of the Debentures as of the date of the Debenture Offer, other than Debenture Offeror's Debentures, have accepted the Debenture Offer;

(b) the Debenture Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Debenture Offer;

(c) Dissenting Debentureholders must elect to:

(i) transfer their respective Debentures to the Debenture Offeror on the terms on which the Debenture Offeror acquired the applicable series of Debentures of the Debentureholders who accepted the Debenture Offer within 20 days after the date of the sending of the Debenture Offeror's Notice; or

(ii) demand payment of fair value for their Debentures by notifying the Debenture Offeror within 20 calendar days after the date of receiving the Debenture Offeror's Notice;

(d) any Dissenting Debentureholders who fails to notify the Debenture Offeror of its election as described under Section 11.3(c) will be deemed to have elected to transfer his or her Debentures to the Debenture Offeror on the same terms on which the Debenture Offeror acquired Debentures from Debentureholders who accepted the Debenture Offer.

11.4 Delivery of Debenture Certificates

(a) A Dissenting Debentureholder to whom a Debenture Offeror's Notice is sent pursuant to Section 11.3 shall, within 20 days after receiving the Debenture Offeror's Notice,

(i) in the case of Fully Registered Debentures, send his or her Debenture certificate(s) to the Debenture Trustee duly endorsed for transfer; and

(ii) elect to:

(A) transfer his or her Debentures to the Debenture Offeror for the same consideration per Debenture of the applicable series payable or paid, as the case may be, under the Debenture Offer; or

(B) demand payment from the Debenture Offeror of fair value for such Debentures.

(b) Any Dissenting Debentureholder who fails to notify the Debenture Offeror in accordance with Section 11.4(a) is deemed to have elected to transfer the Debentures to the Debenture Offeror on the same terms on which the Debenture Offeror acquired Debentures of the applicable series from Debentureholders who accepted the Debenture Offer.

11.5 Debenture Offeror's Notice to the Corporation

Concurrently with sending the Debenture Offeror's Notice under Section 11.3, the Debenture Offeror (if other than the Fund) shall send to the Fund a notice of adverse claim disclosing the name and address of the Debenture Offeror and the name of each of the Dissenting Debentureholders.

11.6 Payment of Consideration to Debenture Trustee

Within 20 days after the Debenture Offeror sends a Debenture Offeror's Notice pursuant to Section 11.3, the Debenture Offeror shall pay or transfer to the Debenture Trustee, or to such other Person as the Debenture Trustee may direct, the cash or other consideration that would be payable if all Dissenting Debentureholders elected to accept the Debenture Offer in accordance with Section 11.4(a)(ii)(A). The acquisition by the Debenture Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

11.7 Consideration to be held in Trust

The Debenture Trustee, or the Person directed by the Debenture Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 11.6. The Debenture Trustee, or such Persons, shall deposit such cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Corporation, and shall place such other consideration in the custody of a Canadian chartered bank or such other body corporate.

11.8 Completion of Transfer of Debentures to Debenture Offeror

Within 30 days after the date of the sending of a Debenture Offeror's Notice pursuant to Section 11.3, the Debenture Trustee, if the Debenture Offeror has complied with Section 11.6, shall:

(a) do all acts and things and execute and cause to be executed all instruments as in the Debenture Trustee's opinion (relying on the advice of Counsel) may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders who have made or are deemed to have made an election under Section 11.4(a)(ii)(A) to the Debenture Offeror;

(b) send to each Dissenting Debentureholder who has made or deemed to have made an election under Section 11.4(a)(ii)(A) and, if applicable has complied with Section 11.4(a)(i), the consideration to which such Dissenting Debentureholder is entitled under this Article 11; and

(c) send to each Dissenting Debentureholder who has made or deemed to have made an election under Section 11.4(a)(ii)(A) but has not complied with Section 11.4(a)(i), if applicable, a notice stating that:

(i) his or her Debentures have been transferred to the Debenture Offeror;

(ii) the Debenture Trustee or some other Person designated in such notice are holding in trust the consideration to which the Dissenting Debentureholder is entitled to receive for such Debentures; and

(iii) the Debenture Trustee, or such other Person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture certificate(s) or such other documents as the Debenture Trustee or such other Person may require in lieu thereof;

and the Debenture Trustee is hereby appointed the agent and attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions.

11.9 Demand for Payment of Fair Value

(a) If a Dissenting Debentureholder has elected to demand payment of the fair value for his or her Debentures pursuant to Section 11.4(a)(ii)(B), the Debenture Offeror may, within 20 calendar days after it has paid the cash or transferred the other consideration to the Trustee under Section 11.6, apply to a court to fix the fair value of the Debentures of that Dissenting Debentureholder.

(b) If a Debenture Offeror fails to apply to a court under Section 11.9(a), a Dissenting Debentureholder may apply to a court for the same purpose within a further period of 20 calendar days.

(c) Where no application is made to a court under Section 11.9(b) within the period set out in that Section, a Dissenting Debentureholder is deemed to have elected to transfer his or her Debentures to the Debenture Offeror on the same terms on which the Debenture Offeror acquired Subject Debentures of the applicable series from Debentureholders who accepted the Debenture Offer.

(d) An application under Section 11.9(a) or 11.9(b) shall be made to a court having jurisdiction in the Province of Ontario.

(e) A Dissenting Debentureholder is not required to give security for costs in an application made under Section 11.9(a) or 11.9(b).

(f) On an application under Section 11.9(a) or 11.9(b):

(i) all Dissenting Debentureholders that have elected pursuant to Section 11.4(a)(ii)(B) whose Debentures have not been acquired by the Debenture Offeror shall be joined as parties and are bound by the decision of the court; and

(ii) the Debenture Offeror shall notify each affected Dissenting Debentureholder of the date, place and consequences of the application and of their right to appear and be heard in person or by legal counsel.

(g) On an application to a court under Section 11.9(a) or 11.9(b) the court may determine whether any other Person is a Dissenting Debentureholder who should be joined as a party, and the court shall then fix a fair value for each series of Debentures held by the Dissenting Debentureholders.

(h) A court may in its discretion appoint one or more appraisers to assist the court in fixing a fair value for each series of Debentures of a Dissenting Debentureholder.

(i) The final order of the court shall be made against the Debenture Offeror in favour of each Dissenting Debentureholder in the amount for each series of Debentures as fixed by the court.

(j) In connection with proceedings under this Section 11.9, a court may make any order it thinks fit and, without limiting the generality of the foregoing, it may:

(i) fix the amount of money or other consideration that is required to be held in trust under Section 11.7;

(ii) order that money or other consideration be held in trust by a Person other than the Debenture Trustee; and

(iii) allow a reasonable rate of interest on the amount payable to each Dissenting Debentureholder from the date they send or deliver notice to the Debenture Offeror under Section 11.4 until the date of payment.

11.10 Obligation to Acquire Debentures

(a) If a Debenture Offeror (other than the Fund) becomes entitled to acquire the Debentures of Dissenting Debentureholders pursuant to Section 11.1 and a Dissenting Debentureholder does not receive a Debenture Offeror's Notice in accordance with Section 11.2, such Dissenting Debentureholder may:

(i) within 90 calendar days after the date of termination of the Debenture Offer; or

(ii) if such Dissenting Debentureholder did not receive a Debenture Offer, within 90 calendar days after the later of:

(A) the date of termination of the Debenture Offer; or

(B) the date on which such Dissenting Debentureholder learned of the Debenture Offer,

require the Debenture Offeror to acquire their Debentures.

(b) If a Dissenting Debentureholder requires a Debenture Offeror (other than the Fund) to acquire its Debentures under Section 11.10(a), the Debenture Offeror shall acquire such Debentures on the same terms on which the Debenture Offeror acquired Debentures of the applicable series from Debentureholders who accepted the Debenture Offer.

11.11 Communication of Debenture Offer to the Fund

A Debenture Offeror cannot make a Debenture Offer for Debentures unless, concurrent with the communication of the Debenture Offer to any Debentureholder, a copy of the Debenture Offer is provided to the Fund in the manner provided for in Section 13.1.

ARTICLE 12
MEETINGS OF DEBENTUREHOLDERS

12.1 Right to Convene Meeting

The Debenture Trustee or the Fund may at any time and from time to time, and the Debenture Trustee shall, on receipt of a written request of the Fund or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Fund or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Debenture Trustee failing, within 30 days after receipt of any such request and such funding and indemnity, to give notice convening a meeting, the Fund or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Debenture Trustee.

12.2 Notice of Meetings

(a) At least 21 days' and not more than 60 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 13.2 and a copy of such notice shall be sent by post to the Debenture Trustee in the manner provided by Section 13.3, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 12. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.

(b) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 12.15, especially affects the rights of holders of Debentures of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of Debentures of any other series are affected (determined as provided in Sections 12.2(c) and (d)), then:

(i) a reference to such fact, indicating each series of Debentures in the opinion of the Debenture Trustee so especially affected (hereinafter referred to as the "**especially affected series**") shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a "**Serial Meeting**"; and

(ii) the holders of Debentures of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 12.15 unless in addition to compliance with the other provisions of this Article 12:

(A) at such Serial Meeting: (I) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 12 as to quorum at adjourned meetings; and (II) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 2/3%) of the principal amount of the Debentures of such series then outstanding voted on the resolution; or

(B) in the case of action taken or power exercised by instrument in writing under Section 12.15, such instrument is signed in one or more counterparts by the holders of not less than 66 2/3% in principal amount of the Debentures of such series then outstanding.

(c) Subject to Section 12.2(d), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 12.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Debenture Trustee and the Fund for all purposes hereof.

(d) A proposal:

(i) to extend the Maturity Date of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or redemption premium thereon or to impair any conversion right thereof;

(ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or

(iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 12.2 or Sections 12.4, 12.12 and 12.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

12.3 Chairman

An individual, who need not be a Debentureholder, nominated in writing by the Fund (if the Fund convenes the meeting) or the Debenture Trustee (in any other case) shall be chairman of the meeting and if no individual is so nominated, or if the individual so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy shall choose some individual present to be chairman.

12.4 Quorum

Subject to the provisions of Section 12.12, at any meeting of the Debentureholders a quorum shall consist of one or more Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned and reconvened on the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned and reconvened on the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the reconvened meeting, the Debentureholders present in person or by proxy shall, subject to the provisions of Section 12.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at a reconvened meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum be present at the commencement of business.

12.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

12.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 12.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him or which are represented by a proxy given in his favour.

12.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

12.8 Voting

On a show of hands every Person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll, each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each $1,000 principal amount of Debentures of which he shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest $1,000. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

12.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Fund (in case it convenes the meeting) or the Debenture Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

(a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any Person signing on behalf of a Debentureholder;

(b) the deposit of instruments appointing proxies at such place as the Debenture Trustee, the Fund or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and

(c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Fund or to the Debenture Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only Persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and their authorized representatives and Persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

12.10 Persons Entitled to Attend Meetings

The Fund and the Debenture Trustee, by their respective trustees, employees, officers and directors, the Auditors of the Fund and the legal advisers of the Fund, the Debenture Trustee or any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

12.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), (d) and (l) to receipt of the prior approval of the Toronto Stock Exchange (if applicable) or such other exchange on which the Debentures are then listed:

(a) power to authorize the Debenture Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;

(b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Debenture Trustee against the Fund, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise;

(c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Fund and to authorize the Debenture Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;

(d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Fund or for the consolidation, amalgamation or merger of the Fund with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Fund or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 10.1 shall have been complied with;

(e) power to direct or authorize the Debenture Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;

(f) power to waive, and direct the Debenture Trustee to waive, any default hereunder and/or cancel any declaration made by the Debenture Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;

(g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;

(h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;

(i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any units or other securities of the Fund;

(j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Debenture Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of individuals as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders and the Debenture Trustee. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(k) power to remove the Debenture Trustee from office and to appoint a new Debenture Trustee or Debenture Trustees provided that no such removal shall be effective unless and until a new Debenture Trustee or Debenture Trustees shall have become bound by this Indenture;

(l) power to sanction the exchange of the Debentures for or the conversion thereof into units, bonds, debentures or other securities or obligations of the Fund or of any other Person formed or to be formed;

(m) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of Section 12.11(l);

(n) power to require the Debenture Trustee to exercise any power, right or remedy or authority given to it by this Indenture in any manner specified in such Extraordinary Resolution, or to refrain from exercising any such power, right, remedy or authority;

(o) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders against the Fund, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise; and

(p) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 12.11(j).

Notwithstanding the foregoing provisions of this Section 12.11 none of such provisions shall in any manner allow or permit any amendment, modification, abrogation or addition to the provisions of Article 5 which could reasonably be expected to detrimentally affect the rights, remedies or recourse of the priority of the Senior Creditors.

12.12 Meaning of "Extraordinary Resolution"

(a) The expression "**Extraordinary Resolution**" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including a reconvened meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the affirmative votes of the holders of not less than 66 2/3% of the principal amount of the Debentures, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66 2/3% of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll on such resolution.

(b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned and shall be reconvened to such date, being not less than 14 nor more than 60 days later, and at such place and time as may be appointed by the chairman. Not less than 10 days notice shall be given of the time and place of such reconvened meeting in the manner provided in Section 13.2. Such notice shall state that at the reconvened meeting the Debentureholders present in person or by proxy shall form a quorum. At the reconvened meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such reconvened meeting and passed thereat by the affirmative vote of holders of not less than 66 2/3% of the principal amount of the Debentures and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 2/3% of the principal amount of the Debentures of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.

(c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

12.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

12.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Debenture Trustee at the expense of the Fund, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

12.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article 12 provided may also be taken and exercised by the holders of 66 2/3% of the principal amount of all the outstanding Debentures and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of 66 2/3% of the principal amount of the Debentures then outstanding of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

12.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 12 at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 12.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Debenture Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

12.17 Evidence of Rights Of Debentureholders

(a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.

(b) The Debenture Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

12.18 Concerning Serial Meetings

Subject to Section 12.2(d), if in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 12.15, does not adversely affect the rights of the holders of Debentures of one or more series, the provisions of this Article 12 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the holders of Debentures of any other series.

ARTICLE 13
NOTICES

13.1 Notice to Fund

Any notice to the Fund under the provisions of this Indenture shall be valid and effective if delivered to the Fund at: 101 Exchange Avenue, Vaughan, Ontario, L4K 5R6, Attention: Chief Financial Officer and Corporate Secretary, and a copy delivered to Stikeman Elliott LLP, 199 Bay Street, Suite 5300, Toronto, Ontario M5L 1B9, Attention: Mr. Dee Rajpal, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Fund may from time to time notify the Debenture Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Fund for all purposes of this Indenture.

13.2 Notice to Debentureholders

All notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing. Accidental error or omission in giving notice or

accidental failure to mail notice to any Debentureholder shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Fund shall give such notice by publication at least once in the Cities of Halifax and Toronto (or in such of those cities as, in the opinion of the Debenture Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.

All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of such Debenture.

13.3 Notice to Debenture Trustee

Any notice to the Debenture Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Debenture Trustee at 320 Bay Street, P.O. Box 1, Toronto, Ontario, M5H 4A6, Attention: Executive Director, Corporate Trust or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

13.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Debenture Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 13.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 13.3.

ARTICLE 14
CONCERNING THE DEBENTURE TRUSTEE

14.1 No Conflict of Interest

The Debenture Trustee represents to the Fund that at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Debenture Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 14.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Debenture Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 14.2. The Fund acknowledges that the Debenture Trustee is the trustee under an indenture covering certain Senior Indebtedness of the Fund.

14.2 Replacement of Debenture Trustee

The Debenture Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Fund 90 days notice in writing or such shorter notice as the Fund may accept as sufficient. If at any time a material conflict of interest exists in the Debenture Trustee's role as a fiduciary hereunder the Debenture Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 14.2. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Debenture Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise

becoming incapable of acting hereunder, the Fund shall forthwith appoint a new Debenture Trustee unless a new Debenture Trustee has already been appointed by the Debentureholders. Failing such appointment by the Fund, the retiring Debenture Trustee or any Debentureholder may apply to a Judge of the Superior Court of Ontario, on such notice as such Judge may direct at the Fund's expense, for the appointment of a new Debenture Trustee but any new Debenture Trustee so appointed by the Fund or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Debenture Trustee shall be effective only upon such new Debenture Trustee becoming bound by this Indenture. Any new Debenture Trustee appointed under any provision of this Section 14.2 shall be a corporation authorized to carry on the business of a trust company in all of the Provinces and Territories of Canada. On any new appointment the new Debenture Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Debenture Trustee.

Any company into which the Debenture Trustee may be merged or, with or to which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Debenture Trustee shall be a party, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Debenture Trustee or of the Fund, the Debenture Trustee ceasing to act, upon receipt of all outstanding amounts owing to it under this Indenture, shall execute and deliver an instrument assigning and transferring to such successor Debenture Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Debenture Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Debenture Trustee to the successor Debenture Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Fund be required by any new Debenture Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Debenture Trustee, be made, executed, acknowledged and delivered by the Fund.

14.3 Duties of Debenture Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Debenture Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

14.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Debenture Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Debenture Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Debenture Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 14.5, if applicable, and with any other applicable requirements of this Indenture. The Debenture Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Debenture Trustee may rely on an opinion of Counsel satisfactory o the Debenture Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Fund.

The Debenture Trustee shall have no obligation to ensure or verify compliance with any applicable laws or regulatory requirements on the issue or transfer of any Debentures or Trust Units provided such issue or transfer is effected in accordance with the terms of this Indenture. The Debenture Trustee shall be entitled to process all transfers, redemptions and conversions upon the presumption that such transfer, redemption or conversion is permissible pursuant to all applicable laws and regulatory requirements if such transfer, redemption or conversion is effected in accordance with the terms of this Indenture. The Debenture Trustee shall have no obligation to ensure that legends appearing on the Debentures or Units comply with regulatory requirements or securities laws of any applicable jurisdiction.

14.5 Evidence and Authority to Debenture Trustee, Opinions, etc.

The Fund shall furnish to the Debenture Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Fund or the Debenture Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of

this Indenture and the taking of any other action to be taken by the Debenture Trustee at the request of or on the application of the Fund, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Debenture Trustee in accordance with the terms of this Section 14.5, or (b) the Debenture Trustee, in the exercise of its rights and duties under this Indenture, gives the Fund written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice. Such evidence of compliance shall consist of:

(a) a certificate made by any one trustee of the Fund or officer or director of Priszm Inc. (as administrator of the Fund), on behalf of the Fund, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;

(b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and

(c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Fund whom the Debenture Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a trustee, officer or employee of the Fund it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the Person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the Person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such Person the conditions precedent in question have been complied with or satisfied.

The Fund shall furnish to the Debenture Trustee at any time if the Debenture Trustee reasonably so requires, its certificate that the Fund has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Fund shall, whenever the Debenture Trustee so requires, furnish the Debenture Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Debenture Trustee as to any action or step required or permitted to be taken by the Fund or as a result of any obligation imposed by this Indenture.

14.6 Officer's Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Debenture Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Debenture Trustee, if acting in good faith, may rely upon an Officer's Certificate.

14.7 Experts, Advisers and Agents

The Debenture Trustee may:

(a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Debenture Trustee or by the Fund, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and

(b) employ or retain such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Debenture Trustee may, but need not be, solicitors for the Fund.

14.8 Debenture Trustee May Deal in Debentures

The Debenture Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Fund or otherwise, without being liable to account for any profits made thereby.

14.9 Investment of Monies Held by Debenture Trustee

The Debenture Trustee may retain any cash balance held in connection with this Indenture and may, but need not, hold the same in its deposit department, the deposit department of one of its affiliates or the deposit department of a Canadian chartered bank; but the Debenture Trustee, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to the Fund or any other person or entity other than at a rate, if any, established from time to time by the Debenture Trustee, its affiliates or a Canadian chartered bank.

For the purpose of this Section 14.9, "**affiliate**" means affiliated companies within the meaning of the *Business Corporations Act* (Ontario) ("**OBCA**"); and includes Canadian Imperial Bank of Commerce, CIBC Mellon Global Securities Services Company and Mellon Bank, N.A. and each of their affiliates within the meaning of the OBCA.

14.10 Debenture Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Debenture Trustee shall not, subject to Section 14.3, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Fund of any of the obligations herein imposed upon the Fund or of the covenants on the part of the Fund herein contained, nor in any way to supervise or interfere with the conduct of the Fund's business, unless the Debenture Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 12, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

14.11 Debenture Trustee Not Required to Give Security

The Debenture Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

14.12 Debenture Trustee Not Bound to Act on Fund's Request

Except as in this Indenture otherwise specifically provided, the Debenture Trustee shall not be bound to act in accordance with any direction or request of or on behalf of the Fund until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Debenture Trustee, and the Debenture Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Debenture Trustee to be genuine.

14.13 Conditions Precedent to Debenture Trustee's Obligations to Act Hereunder

The obligation of the Debenture Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Debenture Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Debenture Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Debenture Trustee to protect and hold harmless the Debenture Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Debenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Debenture Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Debenture Trustee the Debentures held by them for which Debentures the Debenture Trustee shall issue receipts.

14.14 Authority to Carry on Business

The Debenture Trustee represents to the Fund that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in the Provinces and Territories of Canada, but if, notwithstanding the provisions of this Section 14.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Debenture Trustee shall, within 90 days after ceasing to be authorized to carry on the business of trust company in the Province of Ontario, either become so authorized or resign in the manner and with the effect specified in Section 14.2.

14.15 Compensation and Indemnity

(a) The Fund shall pay to the Debenture Trustee from time to time compensation for its services hereunder as agreed separately by the Fund and the Debenture Trustee, and shall pay or reimburse the Debenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Debenture Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Debenture Trustee under this Indenture shall be finally and fully performed. The Debenture Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

(b) The Fund hereby indemnifies and saves harmless the Debenture Trustee and its directors, officers and employees from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Debenture Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the negligent failure to act, or the wilful misconduct or bad faith of the Debenture Trustee. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Debenture Trustee. The Debenture Trustee shall notify the Fund promptly of any claim for which it may seek indemnity. The Fund shall defend the claim and the Debenture Trustee shall co-operate in the defence. The Debenture Trustee may

have separate counsel and the Fund shall pay the reasonable fees and expenses of such Counsel. The Fund need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Debenture Trustee or the discharge of this Indenture.

(c) The Fund need not reimburse any expense or indemnify against any loss or liability incurred by the Debenture Trustee through negligence, wilful misconduct or bad faith.

14.16 Acceptance of Trust

The Debenture Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

ARTICLE 15
SUPPLEMENTAL INDENTURES

15.1 Supplemental Indentures

From time to time the Debenture Trustee and, when authorized by a resolution of the trustees of the Fund or the directors of Priszm Inc. (as administrator of the Fund), on behalf of the Fund and subject to the approval of the Toronto Stock Exchange (or any other stock exchange on which the Debentures may be listed), the Fund, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

(a) providing for the issuance of Additional Debentures under this Indenture;

(b) changing or eliminating any restrictions on the payment of the principal of or the premium, if any, on the Debentures provided that in the opinion of the Debenture Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby;

(c) adding to the covenants of the Fund herein contained for the protection of the Debentureholders, or of the Debentures of any series, or providing for events of default, in addition to those herein specified;

(d) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Debenture Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;

(e) altering the provisions of the Indenture in respect of the exchange or transfer of Debentures;

(f) evidencing the succession, or successive successions, of others to the Fund and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;

(g) giving effect to any action by, or any direction from, the Debentureholders permitted to be taken or given, as the case may be, by the Debentureholders under this Indenture; and

(h) for any other purpose not inconsistent with the terms of this Indenture, provided that in the opinion of the Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by an ordinary resolution or Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Fund and the Debenture Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Debentureholders. Further, the Fund and the Debenture Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or clerical mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Fund provided for the issue of Debentures, providing that in the opinion of the Debenture Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 16
LIMITATION OF NON-RESIDENT OWNERSHIP

16.1 Limitation of Non-Resident Ownership

At no time may Non-Residents be the beneficial owners of more than 49.9% of the Trust Units. This 49.9% limitation is and shall be applied with respect to the issued and outstanding Trust Units of the Fund on both a non-diluted basis and a fully-diluted basis and shall include any Trust Units which are issued upon conversion, redemption or repayments of the Debentures. Upon receipt of written direction of the Fund, the Debenture Trustee may, (i) with respect to Global Debentures, request the Depository (or its nominee in whose name such Global Debentures are registered) to require declarations as to the jurisdictions in which beneficial owners of such Global Debentures are resident, and (ii) with respect to Fully Registered Debentures, require declarations as to the jurisdictions in which beneficial owners of such Fully Registered Debentures are resident. If the Fund becomes aware that the beneficial owners of 49.9% of the Trust Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Fund shall make a public announcement thereof and shall notify the Debenture Trustee in writing and the Debenture Trustee shall not accept a subscription for Debentures from or issue or register a transfer of Debentures to any Person unless the Person provides a declaration that such Person is not a Non-Resident of Canada. If, notwithstanding the foregoing, the Fund determines that more than 49.9% of the Trust Units are held by Non-Residents, the Fund shall send a notice to Non-Resident holders of Debentures, chosen in inverse order to the order of acquisition or registration of the Debentures or in any other manner the Fund considers equitable and practicable, requiring them to sell their Debentures or a portion thereof within a specified period of not less than 60 days. If the holders of Debentures receiving such notice have not sold the specified number of Debentures or provided the Fund with satisfactory evidence that they are not Non-Residents within such period, the Fund shall, on behalf of such Persons, sell such Debentures and, in the interim, rights attached to such Debentures shall be suspended. Upon such a sale, the affected holders shall cease to be holders of the Debentures and their rights shall be limited to receiving the net proceeds of sale upon surrender of such Debentures.

ARTICLE 17
EXECUTION AND FORMAL DATE

17.1 Execution

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of June 22, 2007 irrespective of the actual date of execution hereof.

IN WITNESS whereof the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

PRISZM INCOME FUND, by its administrator, Priszm Inc.

By: _____
Authorized Signatory

CIBC MELLON TRUST COMPANY

By: _____
Authorized Signatory

By: _____
Authorized Signatory

SCHEDULE "A"

TO THE FUND INDENTURE BETWEEN

PRISZM INCOME FUND AND

CIBC MELLON TRUST COMPANY

FORM OF DEBENTURE

SCHEDULE "A"

This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any Person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Priszm Income Fund or its agent for registration of transfer, exchange or payment, and any Debenture issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS, (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since as the registered holder hereof, CDS & CO. has an interest herein. This certificate is issued pursuant to a Master Letter of Representations of the Fund, as such letter may be replaced or amended from time to time.

CUSIP: 74270LAA9

No. ● $30,000,000

PRISZM INCOME FUND

(A trust governed by the laws of Ontario)

SERIES 2007 6.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE
DUE JUNE 30, 2012

PRISZM INCOME FUND (the "**Fund**") for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture (the "**Indenture**") dated as of June 22, 2007 between the Fund and CIBC Mellon Trust Company (the "**Debenture Trustee**"), promises to pay to the registered holder hereof on June 30, 2012 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of Thirty Million Dollars ($30,000,000) in lawful money of Canada on presentation and surrender of this Initial Debenture at the principal office of the Debenture Trustee in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from, and including, the date hereof, or from, and including, the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 6.50% per annum, in like money, in arrears in equal (with the exception of the first interest payment which will include interest from, and including, June 22, 2007 as set forth below) semi-annual instalments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on December 31, 2007 and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date) to fall due on the Maturity Date and, should the Fund at any time make default in the payment of any principal, premium (if any) or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. The first interest payment will include interest accrued from, and including, June 22, 2007 to, but excluding December 31, 2007, and will be equal to $34.19 for each $1,000 principal amount of the Initial Debentures.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque or payment by electronic funds transfer shall, to the extent of the sum represented thereby (plus the amount of any tax withheld and remitted), satisfy and discharge all liability for interest on this Initial Debenture.

The Fund may elect, from time to time, subject to any Applicable Securities Legislation and required regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy all or part of its obligation to pay interest on an Interest Payment Date by delivering to the Debenture Trustee a sufficient number of Trust Units to satisfy all or any part, as the case may be, of the amount of interest due (the "**Interest Obligation**") on such Interest Payment Date (the "**Trust Unit Interest Payment Election**"). The Debenture Trustee, on exercise by the Fund of a Trust Unit Interest Payment Election, shall: (a) accept delivery of the Trust Units from the Fund and process the Trust Units in accordance with the Trust Unit Interest Payment Election Notice, (b) accept bids with respect to, and consummate sales of, such Trust Units, each as the Fund shall direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Fund in the Trust Unit Interest Payment Election Notice, (c) sell Trust Units in the open market on a Recognized Stock Exchange, and (d) perform any other action necessarily incidental thereto.

Neither the Trust's making of the Trust Unit Interest Payment Election nor the consummation of sales of Trust Units will (a) result in the holders of the Initial Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Trust Units in satisfaction of the Interest Obligation.

This Debenture is one of the Series 2007 6.50% Convertible Unsecured Subordinated Debentures due June 30, 2012 (referred to herein as the "**Initial Debenture**") of the Fund issued under the provisions of the Indenture. The Initial Debentures authorized for issue are limited to an aggregate principal amount of $30,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are issued and held and the rights and remedies of the holders of the Initial Debentures and of the Fund and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Initial Debenture by acceptance hereof assents. To the extent that anything contained herein is inconsistent with or conflicts with the provisions of the Indenture, the provisions of the Indenture shall govern.

The Initial Debentures are issuable only in denominations of $1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations. The whole, or if this Initial Debenture is a denomination in excess of $1,000, any part which is $1,000 or an integral multiple thereof, of the principal of this Initial Debenture is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at the principal office of the Debenture Trustee in Toronto, Ontario, at any time prior to the close of business on the Maturity Date or, if this Initial Debenture is called for redemption on or prior to such date, then up to but not after 5:00 p.m. (Toronto time) on the last Business Day immediately preceding the date specified for redemption of this Initial Debenture, into Trust Units (without adjustment for interest accrued hereon or for dividends or distributions on Trust Units issuable upon conversion) at a conversion price of $12.28 (the "**Conversion Price**") per Trust Unit, being a rate of approximately 81.4332 Trust Units for each $1,000 principal amount of Initial Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding and including June 30 and December 31 in each year as the registers of the Debenture Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Trust Units will be issued on any conversion but in lieu thereof, the Fund will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the Person or Persons entitled to receive Trust Units in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Trust Units until the Business Day following such Interest Payment Date.

This Initial Debenture may be redeemed at the option of the Fund on the terms and conditions set out in the Indenture at the redemption price therein and herein set out provided that this Initial Debenture is not redeemable before June 30, 2010, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after June 30, 2010 and prior to June 30, 2011, the Initial Debentures are redeemable at the option of the Fund provided that the Current Market Price of the Trust Units on the date on which notice of redemption is given is not less than 125% of the Conversion Price at a price equal to the principal amount of Debentures and, in addition thereto, at the time of redemption, the Fund shall pay to the holder accrued and unpaid interest thereon. On and after June 30, 2011, the Initial Debentures are redeemable at the option of the Fund at a

price equal to the principal amount of the Debentures and, in addition thereto, at the time of redemption the Fund shall pay to the holder accrued and unpaid interest thereon. The Fund may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or any portion of the applicable Redemption Price by the issue of that number of Trust Units obtained by dividing the applicable Redemption Price by 95% of the Current Market Price of the Trust Units on the Redemption Date.

Upon the occurrence of a Change of Control of the Fund, the Fund is required to make an offer to purchase all of the Initial Debentures at a price equal to 101% of the principal amount of such Initial Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Initial Debentures are so repurchased (the "Offer"). If 90% or more of the principal amount of all Initial Debentures outstanding on the date the Fund provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Fund has the right to redeem and shall redeem all the remaining outstanding Initial Debentures effective as of the same date and at the same price.

If a takeover bid for Initial Debentures, within the meaning of the Applicable Securities Legislation, is made and 90% or more of the principal amount of all the Initial Debentures (other than Initial Debentures held at the date of the takeover bid by or on behalf of the Debenture Offeror, Associates or Affiliates of the Debenture Offeror or anyone acting jointly or in concert with the Debenture Offeror) are taken up and paid for by the Debenture Offeror, the Debenture Offeror will be entitled to acquire the Initial Debentures of those holders who did not accept the offer on the same terms as the Debenture Offeror acquired the first 90% of the principal amount of the Initial Debentures provided that the holders of Initial Debentures will have the right to be paid the fair value of their Initial Debentures if they complied with the applicable procedures in the Trust Indenture.

The Fund may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy the obligation to repay all or any portion of the principal amount of this Initial Debenture due on the Maturity Date by the issue of that number of Freely Tradeable Trust Units obtained by dividing the principal amount of this Initial Debenture by 95% of the Current Market Price on the Maturity Date.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Fund, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

The Indenture contains certain restrictions on holders of Debentures that are non residents of Canada within the meaning of the *Income Tax Act* (Canada) ("**Non-Residents**") including provisions that allow the Fund to refuse to issue or register a transfer of Debentures to Non-Residents or to compel Non-Residents to sell their Debentures.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Trust Units, officers and directors of Priszm Inc., Priszm Limited Partnership or the trustees, manager and other agents of the Fund in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Debenture Trustee in Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Fund with the approval of the Debenture Trustee may designate. No transfer of this Initial Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney

duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

If any of the provisions of this Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern.

Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF PRISZM INCOME FUND has caused this Debenture to be signed by its authorized representatives as of the 22ND day of June, 2007.

PRISZM INCOME FUND, by its administrator,
Priszm Inc.

By: _____

(FORM OF DEBENTURE TRUSTEE'S CERTIFICATE)

This Initial Debenture is one of the Series 2007 6.50% Convertible Unsecured Subordinated Debentures due June 30, 2012 referred to in the Indenture within mentioned.

CIBC MELLON TRUST COMPANY

By: _____
(Authorized Officer)

(FORM OF REGISTRATION PANEL)

(No writing hereon except by Debenture Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Debenture Trustee or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Initial Debenture (or $_____ principal amount hereof*) of PRISZM INCOME FUND standing in the name(s) of the undersigned in the register maintained by the Fund with respect to such Initial Debenture and does hereby irrevocably authorize and direct the Debenture Trustee to transfer such Initial Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Initial Debenture is to be transferred, indicate in the space provided the principal amount (which must be $1,000 or an integral multiple thereof, unless you hold an Initial Debenture in a non-integral multiple of 1,000 by reason of your having exercised your right to exchange upon the making of an Offer, in which case such Initial Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Initial Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "**SIGNATURE GUARANTEED**".

2. The registered holder of this Initial Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

_____ _____

Authorized Officer Signature of transferring registered holder

_____

Name of Institution

EXHIBIT "1"
TO CDS GLOBAL DEBENTURE

PRISZM INCOME FUND

Series 2007 6.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE JUNE 30, 2012

Initial Principal Amount: $30,000,000

CUSIP: 74270LAA9

Authorization: _____

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

SCHEDULE "B"

TO THE FUND INDENTURE BETWEEN

PRISZM INCOME FUND AND

CIBC MELLON TRUST COMPANY

FORM OF REDEMPTION NOTICE

SCHEDULE "B"

Form of Redemption Notice
PRISZM INCOME FUND

Series 2007 6.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE JUNE 30, 2012

REDEMPTION NOTICE

CUSIP: 74270LAA9

To: Holders of 6.50% Convertible Unsecured Subordinated Debentures due June 30, 2012 (the "Debentures") of Priszm Income Fund (the "**Fund**")

And to: CIBC Mellon Trust Company (the "**Debenture Trustee**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the trust indenture (the "**Indenture**") dated as of June 22, 2007 between the Fund and CIBC Mellon Trust Company (the "**Debenture Trustee**"), as trustee, that the aggregate principal amount of $● of the $● of Debentures outstanding will be redeemed as of ● (the "**Redemption Date**"), upon payment of a redemption amount of $● for each $1,000 principal amount of Debentures, being equal to the aggregate of (i) $● (the "**Redemption Price**"), and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "**Total Redemption Price**").

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

CIBC Mellon Trust Company
199 Bay Street
Commerce Court West
Securities Level
Toronto, Ontario
M5L 1G9

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

[Pursuant to Section 4.6 of the Indenture, the Fund hereby irrevocably elects to satisfy its obligation to pay to the holders of Debentures $● of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Freely Tradeable Trust Units obtained by dividing the Redemption Price by 95% of the Current Market Price of the Trust Units on the Redemption Date.]

No fractional Trust Units shall be delivered upon the exercise by the Fund of the above-mentioned redemption right but, in lieu thereof, the Fund shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Trust Units on the Redemption Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Fund shall, on the Redemption Date, make the delivery to the Debenture Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates representing the Freely Tradeable Trust Units to which holders are entitled together with the cash equivalent in lieu of fractional Trust Units, cash for all accrued and unpaid interest up to, but excluding, the Redemption Date, and, if only a

portion of the Debentures are to be redeemed by issuing Freely Tradeable Trust Units, cash representing the balance of the Redemption Price.

DATED:

PRISZM INCOME FUND, by its administrator,
Priszm Inc.

_____

(Authorized Signatory)

SCHEDULE "C"

TO THE FUND INDENTURE BETWEEN

PRISZM INCOME FUND AND

CIBC MELLON TRUST COMPANY

FORM OF MATURITY NOTICE

SCHEDULE "C"

Form of Maturity Notice

PRISZM INCOME FUND

●% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES DUE ●

MATURITY NOTICE

CUSIP: ●

To: Holders of ●% Convertible Unsecured Subordinated Debentures due ● (the "**Debentures**") of Priszm Income Fund (the "**Fund**")

And to: CIBC Mellon Trust Company (the "**Debenture Trustee**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.10(b) of the trust indenture (the "**Indenture**") dated as of June 22, 2007, as the same may be amended, supplemented or restated between the Fund and CIBC Mellon Trust Company, as trustee (the "**Debenture Trustee**"), that the Debentures are due and payable as of ● (the "**Maturity Date**") and the Fund elects to satisfy its obligation to pay to holders of Debentures the principal amount of all of the Debentures outstanding on the Maturity Date by issuing and delivering to the holders that number of Freely Tradeable Trust Units equal to **[the number obtained by dividing such principal amount of the Debentures by 95% of the Current Market Price of Trust Units on the Maturity Date]**.

No fractional Trust Units shall be delivered on exercise by the Fund of the above mentioned repayment right but, in lieu thereof, the Fund shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Trust Units on the Maturity Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Maturity Date, the Fund shall, on the Maturity Date, make delivery to the Debenture Trustee, 199 Bay Street, Commerce Court West, Securities Level, Toronto, Ontario, M5L 1G9 for delivery to and on account of the holders, of certificates representing the Freely Tradeable Trust Units to which holders are entitled together with the cash equivalent in lieu of fractional Trust Units, cash for all accrued and unpaid interest up to, but excluding, the Maturity Date and if only a portion of the Debentures are to be repaid by issuing Freely Tradeable Trust Units, cash representing the balance of the principal amount due on the Maturity Date.

DATED:

PRISZM INCOME FUND, by its administrator,
Priszm Inc.

_____

(Authorized Signatory)

SCHEDULE "D"

TO THE FUND INDENTURE BETWEEN

PRISZM INCOME FUND AND

CIBC MELLON TRUST COMPANY

FORM OF NOTICE OF CONVERSION

SCHEDULE "D"

Form of Notice of Conversion

CONVERSION NOTICE

TO: PRISZM INCOME FUND

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of Series 2007 6.50% Convertible Unsecured Subordinated Debentures due June 30, 2012 (CUSIP:74270LAA9) bearing Certificate No. ● irrevocably elects to convert such Debentures (or $● principal amount thereof*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures, and, if applicable, directs that the Trust Units of Priszm Income Fund issuable upon a conversion be issued and delivered to the Person indicated below. (If Trust Units are to be issued in the name of a Person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: _____ _____

(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be $1,000 or integral multiples thereof).

NOTE: If Trust Units are to be issued in the name of a Person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which Trust Units are to be issued, delivered and registered)

Name:_____

_____

(Address)

_____

(City, Province and Postal Code)

Name of guarantor:_____

Authorized signature:_____

SCHEDULE "E"

TO THE FUND INDENTURE BETWEEN

PRISZM INCOME FUND AND

CIBC MELLON TRUST COMPANY

FORM OF DECLARATION FOR REMOVAL OF LEGEND

SCHEDULE "E"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: CIBC Mellon Trust Company, as trustee and registrar of the Series 2007 6.50% Convertible Unsecured Subordinated Debentures due June 30, 2012 (CUSIP: 74270J AA9), and

TO: The Registrar and Transfer Agent of the Trust Units of Priszm Income Fund

The undersigned (a) acknowledges that the sale of the securities of Priszm Income Fund (the "Fund") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "1933 Act") and (b) certifies that (1) it is not an affiliate of the Fund (as defined in Rule 405 under the 1933 Act), (2) the offer of such securities was not made to a person in the United States, and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the 1933 Act with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the 1933 Act. Terms used herein have the meanings given to them by Regulation S.

Dated: _____

By: _____

Name: _____

Title: _____

This is Exhibit "F"
to the affidavit of Deborah Papernick,
sworn before me on the 31st day
of March, 2011

Commissioner for Taking Affidavits

Priszm Income Fund

Interim Consolidated Financial Statements
(Unaudited)
First Quarter from
December 28, 2009 to March 21, 2010

Priszm Income Fund

Interim Consolidated Balance Sheets (Unaudited)

(in thousands of dollars)

	March 21, 2010 $	December 27, 2009 $
ASSETS		
Current assets		
Cash and cash equivalents (note 17)	12,086	25,670
Trade and other accounts receivable	1,575	1,739
Inventories	3,288	3,776
Prepaid expenses	2,316	962
Other assets	219	219
	19,484	32,366
Other receivables	376	376
Property and equipment (note 4)	61,211	62,553
Future income taxes (note 5)	4,518	4,986
Franchise rights (note 6)	32,295	32,968
Goodwill	57,434	57,434
	175,318	190,683
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	39,606	43,368
Current portion of long-term loan (note 9)	71,214	10,000
	110,820	53,368
Long-term loan (note 9)	-	65,112
Convertible debentures (note 10)	28,987	28,885
Future income taxes (note 5)	32	31
Deferred contract amounts (note 7)	6,343	6,465
Liabilities of discontinued operations (note 21)	2	2
	146,184	153,863
Non-controlling interest (note 11)	13,062	15,968
UNITHOLDERS' EQUITY		
Equity (note 12)	143,335	143,335
Deficit	(127,263)	(122,483)
	16,072	20,852
	175,318	190,683

Basis of presentation and liquidity risk (note 2)

The accompanying notes are an integral part of these interim consolidated financial statements.

Priszm Income Fund

Interim Consolidated Statements of Operations (Unaudited)

(in thousands of dollars, except per Unit amounts)

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $ (Restated – note 21)
Restaurant sales	83,497	91,034
Restaurant cost and expenses		
Cost of restaurant sales (note 14)	51,602	55,884
Restaurant operating expenses (note 14)	15,802	16,345
Rent	8,597	8,538
Franchise royalty expense	5,011	5,462
Amortization	2,607	2,611
	83,619	88,840
(Loss) income from restaurant operations	(122)	2,194
General and administrative expenses - including amortization of $699 (2009 - $734)	4,662	4,736
Loss before the undernoted	(4,784)	(2,542)
Interest income	3	7
Interest expense (note 9)	(2,152)	(2,092)
Loss before income taxes and non-controlling interest	(6,933)	(4,627)
Income tax expense (recovery) (note 5)	469	(213)
Loss from continuing operations before non-controlling interest	(7,402)	(4,414)
Non-controlling interest (note 11)	2,792	1,870
Loss from continuing operations	(4,610)	(2,544)
Loss from discontinued operations - net of income taxes and non-controlling interest (note 21)	(170)	(55)
Net loss for the period	(4,780)	(2,599)
Basic and diluted loss per Unit (note 15)		
Continuing operations	(0.290)	(0.173)
Discontinued operations	(0.011)	(0.004)
	(0.301)	(0.177)

The accompanying notes are an integral part of these interim consolidated financial statements.

Priszm Income Fund

Interim Consolidated Statements of Deficit (Unaudited)

(in thousands of dollars)

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Deficit - Beginning of period	(122,483)	(116,577)
Net loss for the period	(4,780)	(2,599)
Distributions (note 16)	-	(2,273)
Deficit - End of period	(127,263)	(121,449)

Interim Consolidated Statements of Comprehensive Loss (Unaudited)

(in thousands of dollars)

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Net loss for the period	(4,780)	(2,599)
Other comprehensive income	-	-
Comprehensive loss	(4,780)	(2,599)

The accompanying notes are an integral part of these interim consolidated financial statements.

Priszm Income Fund

Interim Consolidated Statements of Cash Flows (Unaudited)

(in thousands of dollars)

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $ (Restated – note 21)
Cash provided by (used in)		
Operating activities		
Loss from continuing operations	(4,610)	(2,544)
Add: Non-cash items		
Income tax expense (recovery)	469	(213)
Non-controlling interest	(2,792)	(1,870)
Amortization of property and equipment	2,636	2,665
Amortization of franchise rights	670	673
Amortization of deferred financing charges	-	20
Interest accretion	214	208
Amortization of deferred contract amounts (note 7)	(120)	(220)
Unit-based compensation	-	151
Cash used in operating activities of continuing operations	(3,533)	(1,130)
Net change in continuing non-cash working capital (note 17)	(4,464)	(3,300)
Tenant inducements and supply contract prepayment	-	560
Cash from continuing operations	(7,997)	(3,870)
Loss from discontinued operations (note 21)	(170)	(55)
Change in discontinued operations - non-cash items (note 21)	(114)	(69)
Net change in discontinued non-cash working capital (note 21)	-	(59)
Cash used in operating activities	(8,281)	(4,053)
Investing activities		
Purchase of property and equipment	(1,294)	(1,398)
Net proceeds on disposal of property and equipment	-	374
Cash used in investing activities	(1,294)	(1,024)
Financing activities		
Long-term loan repayment (note 9)	(4,000)	-
Distributions to Unitholders (note 16)	-	(3,426)
Proceeds of operating facility (note 9)	-	2,700
Deferred financing charges	(9)	-
Cash used in financing activities	(4,009)	(726)
Change in cash and cash equivalents during the period	(13,584)	(5,803)
Cash and cash equivalents - Beginning of period	25,670	11,439
Cash and cash equivalents - End of period	12,086	5,636

Supplemental disclosure of cash flow information (note 17)

The accompanying notes are an integral part of these interim consolidated financial statements.

Priszm Income Fund

Notes to Interim Consolidated Financial Statements (Unaudited)
March 21, 2010 and March 22, 2009
(in thousands of dollars, except per Unit amounts)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim consolidated financial statements of Priszm Income Fund ("the Fund") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The note disclosure in these interim consolidated financial statements includes only material changes from the disclosure found in the Fund's annual consolidated financial statements for the year ended December 27, 2009. Therefore, these interim consolidated financial statements should be read in conjunction with those consolidated financial statements. Except as discussed below, these interim consolidated financial statements follow the same accounting policies as the Fund's audited annual consolidated financial statements.

Recent Canadian accounting pronouncements issued and not yet adopted

In October 2008, The Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1582, Business Combinations, concurrently with Handbook Sections 1601, Consolidated Financial Statements, and 1602, Non-controlling Interests. Handbook Section 1582, which replaces Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Handbook Section 1601, which replaces Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. Handbook Section 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Fund's interim and annual consolidated financial statements commencing on December 26, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The Fund is currently evaluating the effects of adopting these standards.

International Financial Reporting Standards ("IFRS")

In March 2009, the Accounting Standards Board issued a second Omnibus Exposure Draft with transition and introductory material confirming that the use of IFRS will be required in interim financial statements for publicly accountable enterprises in Canada in years beginning on or after January 1, 2011. Since the 2011 fiscal year for the Fund begins on December 27, 2010, these standards will apply to the interim and annual consolidated financial statements relating to fiscal years beginning on December 26, 2011 for the Fund. The Fund is continuing to assess the financial reporting impacts of adopting IFRS. Changes in accounting policies upon adoption of IFRS are likely and may materially impact the Fund's consolidated financial statements. The Fund does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as systems changes that may be necessary to gather and process the information.

2 BASIS OF PRESENTATION AND LIQUIDITY RISK

Basis of presentation

The interim consolidated financial statements have been prepared using Canadian GAAP applicable to a going concern, which assumes the Fund will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of operations. The following discussion presents some of the more significant facts, timelines, forecasts, projections or events which, among others, were considered by management in assessing the going concern assumption; while these factors indicate funding needs have not yet been fully met, management has determined that these circumstances do not at this time represent material uncertainties, which may lend significant doubt as to the ability of the Fund to continue to operate as a going concern.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

While the Fund has been generating positive net cash from operating activities on an annual basis (2009 - $21,328) and had $12,086 cash on hand at March 21, 2010, there are two categories of financial events or commitments in the near future that raise uncertainties as to whether the Fund has the capital structure and sufficient liquidity to allow it to continue in normal business operations, and they are described in detail below:

Debt
The Fund has three debt components: two tranches of long-term debt, with $69,596 and $2,037 to be repaid on or before December 31, 2010, as well as $30,000 of convertible, unsecured subordinated debentures maturing on June 30, 2012. The latest covenant amendment requires the Fund to repay $10,000 of the long-term debt during the first three quarters of 2010 and to take steps to fully repay the remaining amount outstanding on both tranches of long-term debt on or before December 31, 2010. On March 15, 2010, the Fund made the first repayment of $4,000, as required by the latest amendment, with the remaining $6,000 to be repaid in May and August 2010. All three debt facilities are more fully described in notes 9 and 10.

Franchise rights renewals
From 2009 through 2013, the franchise agreements for the bulk of the Fund's restaurants expire. The renewals are dependent on the Fund paying both a renewal fee as well as investing capital to upgrade restaurant facilities that do not meet the Franchisor's current standard.

Summary
In summarizing these two major categories of financial events or commitments described above, the Fund faces demands on cash of approximately $31,000 (debt repayments $6,000, planned restaurant upgrade capital as per the master franchise agreement amendment signed November 2009 at a minimum of $15,000, franchise renewal fees of $2,000, and regular maintenance and other capital spending of $8,000 over the 2010 fiscal year), followed by a further $65,633 in debt repayments on its current term loan by December 31, 2010. At the present time, the Fund does not have sufficient liquid resources to retire its long-term debt obligation. The Fund is actively pursuing replacement financing for its long-term debt from a variety of possible lenders while at the same time evaluating the credit market opportunities in support of any potential decisions the Trustees may

2 BASIS OF PRESENTATION AND LIQUIDITY RISK - CONTINUED

make with regard to corporate structure given the impact of tax legislation, which takes effect at the beginning of 2011 (note 5).

In light of amendments to the financial covenants that were made subsequent to year-end, management projects that the Fund will remain in a cash-positive position and achieve financial covenants through fiscal 2010. Further, the Fund anticipates that it will be successful in securing a financing arrangement. These projections incorporate assumptions regarding general economic conditions and operating results as well as sensitivities regarding underperformance, among other things. Actual results could vary significantly from these assumptions with a related impact on liquidity and it is possible that the Fund may be unable to refinance its maturing debt obligations.

The Fund must establish plans to secure the renewal of its franchise agreements to ensure business continuity. The process of negotiating renewals and reinvestment criteria is inherently unpredictable. While the process undertaken in 2009 established a solid basis for future negotiations and mitigated some of the risk in this process, there can be no assurance that the Fund will successfully negotiate an upgrade plan with the franchisor that fits within its available funding and, therefore, the Fund may not be able to renew the franchise agreements on some of the restaurants it operates today.

It is necessary for the Fund to establish a new financing relationship, including an operating line, to provide the flexibility and liquidity to meet the fluctuating demands on cash it faces in the coming years. This is especially important given the near term maturity on $71,633 in term debt and $30.000 in convertible debentures. Given both the fact that the Fund cannot refinance its present term debt with its incumbent senior lender and the tightness of credit globally, the Fund may be unable to conclude satisfactory refinancing arrangements. Additionally, in the current quarter, the lender has established a performance covenant incorporating milestones in a refinancing timeline requiring the Trustees to take such action as necessary to allow for full repayment of the loan by December 31, 2010.

Due to the inherent uncertainty in negotiations, both with lenders and the franchisor, and recent weak operating performance compounded by a weak economic climate, the degree of variability in assumptions and projections may be larger than historical experience causing performance variances. As a result, it is possible the Fund will be unable to achieve its projected future cash flows or other business plans.

(in thousands of dollars, except per Unit amounts)

3 SEASONALITY

The Fund operates on a 13-period accounting basis. with the first three quarters consisting of 12 weeks and the fourth quarter consisting of 16 weeks. The business is seasonal. The following table shows the percentage of annual sales achieved in each fiscal reporting quarter, on average, over the last three years.

	%
First quarter (12 weeks)	21
Second quarter (12 weeks)	24
Third quarter (12 weeks)	25
Fourth quarter (16 weeks)	30
	100

4 PROPERTY AND EQUIPMENT

	March 21, 2010		
	Cost $	Accumulated amortization $	Net $
Land	514	-	514
Building	1,386	435	951
Leasehold improvements	67,214	33,797	33,417
Furnishings and equipment	74,707	49,918	24,789
Restaurants under development	1,540	-	1,540
	145,361	84,150	61,211

	December 27, 2009		
	Cost $	Accumulated amortization $	Net $
Land	514	-	514
Building	1,386	417	969
Leasehold improvements	66,940	32,858	34,082
Furnishings and equipment	74,199	48,239	25,960
Restaurants under development	1,028	-	1,028
	144,067	81,514	62,553

(in thousands of dollars, except per Unit amounts)

5 FUTURE INCOME TAXES

On October 31, 2006, the Minister of Finance announced proposed tax legislation ("trust legislation") that changed the income tax rules applicable to publicly traded trusts, rendering income trusts taxable in 2011. In 2011, the Fund will be required to pay income taxes on its distributions. Accordingly, distributable cash will be reduced by an equal amount.

The October 31, 2006 trust legislation was substantively enacted into law on June 12, 2007, at which time the Fund gave accounting recognition to these new tax rules.

On January 27, 2009, the Minister of Finance announced a change in the structure of the tax rate applicable to the Fund. The change eliminated the flat provincial SIFT tax rate of 13% and replaced it with a requirement for SIFTs to calculate their provincial tax rate based on an allocation of taxable SIFT distributions to provinces in which the SIFT maintains a permanent establishment. For the Fund, that permanent establishment is the Province of Ontario. While the Fund will not be liable for current taxes until January 1, 2011, it gave recognition to future income taxes arising from those temporary tax differences expected to reverse during fiscal 2011, 2012, 2013 and 2014 and thereafter at the tax rates of 28.25%, 26.25%, 25.5% and 25%, respectively, calculated as being applicable to the Fund. The impact of the rate change on prior year estimates is immaterial.

Future income tax assets and liabilities are recognized on temporary differences between the accounting and tax bases of existing assets and liabilities as follows:

	March 21, 2010 $	December 27, 2009 $
Property and equipment	970	859
Franchise rights	1,514	1,776
Goodwill	1,410	1,635
Deferred contract amounts	624	716
Future income taxes - assets	4,518	4,986
Future income taxes - liabilities	32	31
Net future income tax assets	4,486	4,955

6 FRANCHISE RIGHTS

Franchise rights are net of accumulated amortization of $33,644 (December 27, 2009 - $32,974). In 2009, the Fund paid $1,970 of renewal fees in accordance with its franchise agreement with Yum! Restaurants International (Canada) LP.

(in thousands of dollars, except per Unit amounts)

7 DEFERRED CONTRACT AMOUNTS

Deferred contract amounts include step lease amortization, supply contract prepayment, tenant inducements and restoration costs.

With respect to the Fund's operating leases, step lease amortization is included in the determination of net income over the term of the lease on a straight-line basis resulting in a current year recovery of $3 (December 29, 2008 to March 22, 2009 - expense of $5) and cumulative accrual of $4,088 (December 27, 2009 - $4,091).

Supply contract prepayments were $1,182 (December 27, 2009 - $1,287), net of $105 (December 29, 2008 to March 22, 2009 - $220) amortized to income for the period from December 28, 2009 to March 21, 2010.

There was $1,014 (December 27, 2009 - $1,032) of tenant inducements included in the deferred contract amounts, net of $18 amortized to income for the period from December 28, 2009 to March 21, 2010 (December 29, 2008 to March 22, 2009 - $36). The tenant inducements are amortized to income over the term of the lease on a straight-line basis.

Restoration costs were $59 (December 27, 2009 - $55), which related to an obligation of an operating restaurant.

8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise of the following:

	March 21, 2010 $	December 27, 2009 $
Trade accounts payable	14,484	18,127
Royalties payable	1,817	1,872
Advertising payable	1,036	1,065
Payroll payable	9,083	9,145
Sales taxes payable	2,791	2,656
Severance accrual	1,651	1,983
Closed store reserves	1,894	1,817
Utility accrual	2,013	1,267
Interest accrual	542	1,188
Other accrued liabilities	4,295	4,248
	39,606	43,368

(in thousands of dollars, except per Unit amounts)

9 LONG-TERM LOAN AND OPERATING FACILITY

Long-term loan

During the first quarter of 2010, the long-term loan of $71,214 (face value is $71,633 net of $419 in transaction costs) became current as it is due and payable on or before December 31, 2010. At December 27, 2009, the long-term loan was $75,112 (face value was $75,633 net of $521 in transaction costs), including $10,000 of current portion and $65,112 of long-term portion.

Interest expense comprises the following:

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Interest expense on long-term loan	1,524	1,357
Interest expense on debentures	452	452
Interest expense on operating facility and other	(38)	55
Accretion and amortization of deferred financing charges	214	228
	2,152	2,092

The loan originally included two advances: $73,596 and $2,037. The $73,596 advance has a fixed interest rate of 7.8% and the principal was due in full on January 13, 2011 with payment of interest due on a monthly basis. The $2,037 advance has a fixed interest rate of 8.09% and the principal was due in full on November 11, 2011 with payment of interest due on a monthly basis. The long-term loan is secured by substantially all of the assets of the Fund.

In March 2010, the Fund amended the long-term loan agreement, which requires early repayments of the debt principal in the amounts of $4,000 on March 15, 2010, $4,000 on May 31, 2010, and an additional $2,000 on August 4, 2010, plus interest yield maintenance amounts. The amendment contains covenants that require a minimum amount of earnings before interest expenses, tax expenses, and amortization expenses be met each quarter in fiscal 2010. The amendment requires the Fund to actively pursue refinancing alternatives to ensure that the entire long-term debt is repaid on or before December 31, 2010. The amendment also restricts the Fund from making distributions or making any further purchases under the normal course issuer bids. On March 15, 2010, the Fund made the repayment of $4,000 as required.

The Fund records long-term debt at amortized cost using the effective interest rate method. At March 21, 2010, the estimated fair value of the long-term debt was $71,055 (December 27, 2009 - $75,302) as compared to the carrying value of $71,214 (December 27, 2009 - $75,112). The fair value of long-term debt is estimated by discounting the remaining contractual cash flows using a rate at which the Fund could issue debt with a similar remaining maturity as of the consolidated balance sheet date.

The Fund is in compliance with the covenants of the term loan as at March 21, 2010, and currently expects to be in compliance with the covenants for the rest of the term.

9 LONG-TERM LOAN AND OPERATING FACILITY - CONTINUED

Operating facility

As at December 27, 2009, the Fund had an operating line of credit in the amount of $5,000 that expired on January 31, 2010. The Fund elected not to renew the facility subsequent to January 31, 2010. No amounts had been drawn down under the line of credit from December 28, 2009 to its expiry date (March 22, 2009 - $2,700).

The Fund was in compliance with the covenants of the facility during the period from December 28, 2009 to its expiry date.

10 CONVERTIBLE DEBENTURES

On June 22, 2007, the Fund completed the issuance of $30,000 convertible, unsecured, subordinated debentures ("Debentures") due June 30, 2012. The Debentures bear interest at an annual rate of 6.5% payable semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2007. The Debentures are convertible at a conversion price of $12.28 per Unit at the holders' option into fully paid Units of the Fund at any time prior to the close of business on the earlier of June 30, 2012 and the business day immediately preceding the date fixed for redemption. The Debentures are redeemable by the Fund at any time after June 30, 2010 and prior to June 30, 2011, at a price equal to their principal amount plus accrued and unpaid interest provided certain criteria are met, including the fact that the current market price per Unit must be at least 125% of the conversion price on the date the redemption notice is given. The Debentures are redeemable by the Fund at any time on and after June 30, 2011 and on or prior to the maturity date at a price equal to their principal amount plus accrued and unpaid interest. On redemption, or on the maturity date, the Debentures may, at the option of the Fund, be repaid in cash or Units of the Fund.

Upon the occurrence of a change of control involving the acquisition of voting control or direction over 66-2/3% or more of the Units of the Fund, the Fund will be required to make an offer to purchase, within 30 days following the consummation of the change of control, all the Debentures at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

The Debentures are treated as compound instruments for financial reporting purposes. Accordingly, the conversion feature has been separately valued and presented as a component of equity in the amount of $747 (note 12). In accordance with the adoption of CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, the Fund has elected to present the Debentures net of transaction costs. Transaction costs of $1,477 are amortized on the consolidated statements of operations using the effective interest rate method. At maturity, the consolidated balance sheet value of the Debentures will be equal to the face value of $30,000. As at March 21, 2010, the net convertible debenture balance is $28,987 (December 27, 2009 - $28,885) and the fair value is approximately $26,790 (December 27, 2009 - $19,500) based on the closing market value of the last trading day of the period ended March 21, 2010.

(in thousands of dollars, except per Unit amounts)

11 NON-CONTROLLING INTEREST

	12 weeks ended March 21, 2010 $	Year ended December 27, 2009 $
Balance - Beginning of period	15,968	19,598
Share of net loss from continuing operations for the period	(2,792)	(574)
Share of net loss from discontinued operations for the period (note 21)	(114)	(443)
Distributions for the period (note 16)	-	(2,613)
Balance - End of period	13,062	15,968
Subordinated Units - number of Units	2,582,000	2,582,000
Exchangeable Units - number of Units	7,688,000	7,688,000
	10,270,000	10,270,000

12 EQUITY

The Fund Trust Indenture provides that an unlimited number of Fund Units may be issued.

Equity comprises the following balances:

	March 21, 2010 $	December 27, 2009 $
Capital contributions	137,442	137,442
Contributed surplus	5,146	5,146
Convertible debentures (note 10)	747	747
	143,335	143,335

The year to date weighted average number of Units outstanding was 15,225,726 (December 27, 2009 - 15,264,788).

As at March 21, 2010 and December 27, 2009, Units outstanding and capital contributions are as follows:

	Period ended March 21, 2010	
	Number of Units	Amount $
Fund Units		
Issued under IPO	15,000,000	150,000
Issued upon exercise of over-allotment option	550,000	5,500
Issued upon management retention bonus plan	346,326	1,257
Issuance costs	-	(13,210)
Purchased upon normal course issuer bids	(670,600)	(6,105)
	15,225,726	137,442

(in thousands of dollars, except per Unit amounts)

12 EQUITY - CONTINUED

	Year ended December 27, 2009	
	Number of Units	Amount $
Fund Units		
Issued under IPO	15,000,000	150,000
Issued upon exercise of over-allotment option	550,000	5,500
Issued upon management retention bonus plan	346,326	1,257
Issuance costs	-	(13,210)
Purchased upon normal course issuer bids	(670,600)	(6,105)
	15,225,726	137,442

13 RELATED PARTY ACCOUNTS AND TRANSACTIONS

The Fund entered into the following transactions during the period. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The terms of trade with related parties are similar to those with other third parties.

a) **Obelysk Inc.** ("Obelysk") is controlled by the Executive Chairman of the Fund. The Fund pays Obelysk rents for certain leased properties, including office space.

	Amount of transactions	
	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Rent paid to Obelysk for leased properties	84	164
Rent paid to Obelysk for leased office space	164	163
Reimbursement of costs incurred by the Fund	11	4
Purchases of services and reimbursements of costs incurred by Obelysk	36	92

	Balance owing	
	March 21, 2010 $	December 27, 2009 $
Balance owing from Obelysk	68	57
Balance owing to Obelysk	3	25

Priszm Income Fund

Notes to Interim Consolidated Financial Statements (Unaudited)
March 21, 2010 and March 22, 2009
(in thousands of dollars, except per Unit amounts)

13 RELATED PARTY ACCOUNTS AND TRANSACTIONS - CONTINUED

b) **Scott's Real Estate Investment Trust** ("Scott's REIT") is 24.4% owned by Obelysk. The Fund pays Scott's REIT rents for certain leased properties.

	Amount of transactions	
	Period from December 28, 2009 to March 21, 2010	Period from December 29, 2008 to March 22, 2009
	$	$
Rent paid to Scott's REIT	2,778	2,791
Reimbursement of costs incurred by the Fund	-	9
Purchases of services and reimbursements of costs incurred by Scott's REIT	28	2

	Balance owing	
	March 21, 2010	December 27, 2009
	$	$
Balance owing to Scott's REIT	14	-

c) **Canadian Satellite Radio Holding Inc.**'s ("CSR") Executive Chairman and controlling shareholder is the Executive Chairman of the Fund. The Fund provided certain general and administrative services to CSR. In addition, the Fund subscribed to satellite radio services, advertised on programs and reimbursed costs incurred by CSR on behalf of the Fund.

	Amount of transactions	
	Period from December 28, 2009 to March 21, 2010	Period from December 29, 2008 to March 22, 2009
	$	$
Reimbursement of costs incurred by the Fund	2	12
Purchases of services and reimbursements of costs incurred by CSR	3	3

	Balance owing	
	March 21, 2010	December 27, 2009
	$	$
Balance owing from CSR	1	-
Balance owing to CSR	1	-

(in thousands of dollars, except per Unit amounts)

13 RELATED PARTY ACCOUNTS AND TRANSACTIONS - CONTINUED

d) **Data & Audio Visual Enterprises Wireless Inc.**'s ("DAVE Wireless") Executive Chairman and controlling shareholder is the Executive Chairman of the Fund. The Fund sublet part of its office space and provided certain general and administrative services to DAVE Wireless.

	Amount of transactions	
	Period from December 28, 2009 to March 21, 2010	Period from December 29, 2008 to March 22, 2009
	$	$
Rent revenue from DAVE Wireless	94	-
Fees received by the Fund for general and administrative services	7	-

	Balance owing	
	March 21, 2010	December 27, 2009
	$	$
Balance owing from DAVE Wireless	2	4

14 COSTS AND EXPENSES

Cost of restaurant sales and restaurant operating expenses consisted of the following:

	Period from December 28, 2009 to March 21, 2010	Period from December 29, 2008 to March 22, 2009
	$	$
Cost of restaurant sales		
Food and supplies	29,739	32,293
Amortization of supply contract prepayments	(91)	(210)
Labour	21,954	23,801
	51,602	55,884
Restaurant operating expenses		
Utilities and maintenance	7,317	7,382
Advertising	4,178	4,513
Other	4,307	4,450
	15,802	16,345

15 LOSS PER UNIT

The computation for basic and diluted loss per Unit is as follows:

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Loss from continuing operations available to Unitholders	(4,610)	(2,544)
Dilutive effect of Non-controlling interest	(2,792)	(1,870)
Diluted loss from continuing operations available to Unitholders	(7,402)	(4,414)
Loss from discontinued operations available to Unitholders	(170)	(55)
Dilutive effect of Non-controlling interest	(114)	(36)
Diluted loss from discontinued operations available to Unitholders	(284)	(91)
Basic weighted average number of Units (in thousands)	15,226	15,151
Dilutive effect of Non-controlling interest	10,270	10,270
Diluted weighted average number of Units	25,496	25,421
Basic and diluted loss per Unit		
Continuing operations	(0.290)	(0.173)
Discontinued operations	(0.011)	(0.004)
	(0.301)	(0.177)

Convertible debentures and Unit-based compensation could potentially dilute basic loss per Unit in the future but were not included in the computation of diluted loss per Unit because to do so would have been anti-dilutive for the periods presented.

(in thousands of dollars, except per Unit amounts)

16 DISTRIBUTIONS TO UNITHOLDERS

The distribution was suspended effective November 19, 2009. As a result, no distribution was declared to Trust Units or Exchangeable Units during the period from December 28, 2009 to March 21, 2010 (December 29, 2008 to March 22, 2009 - $2,273 to Trust Units and $1,153 to Exchangeable Units).

No distribution was declared to Subordinated Units during the period from December 28, 2009 to March 21, 2010, and from December 29, 2008 to March 22, 2009.

17 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following:

	March 21, 2010	December 27, 2009
	$	$
Cash	4,086	5,970
GIC/term deposits	8,000	19,700
	12,086	25,670

Net change in non-cash working capital comprises the following:

	Period from December 28, 2009 to March 21, 2010	Period from December 29, 2008 to March 22, 2009
	$	$
Trade accounts receivable	164	834
Inventories	488	605
Prepaid expenses and other assets	(1,354)	(1,178)
Accounts payable and accrued liabilities	(3,762)	(3,561)
	(4,464)	(3,300)
Interest paid	2,642	2,484
Interest received	4	6

18 SEGMENTED INFORMATION

For financial reporting purposes, the Fund considers itself to be in one business segment as its various restaurant operations have similar economic and business characteristics. All restaurant operations are located in Canada.

19 MANAGEMENT OF CAPITAL

The Fund views its capital as the combination of its long-term loan, convertible debentures, Unitholders' equity and non-controlling interest. The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern while maintaining the growth of its business and the distributable cash to its Unitholders. In general, the overall capital of the Fund is evaluated and determined in the context of its financial objectives and its strategic plan.

The Fund determines the appropriate level of long-term loan and convertible debentures in the context of its cash flow and overall business risks. The funds from long-term loans and convertible debentures were mainly used to finance growth initiatives such as acquisition and development projects. The current level of capital is considered adequate in the context of current operations. In the light of the changes in economic conditions and credit markets, the Fund reviews and updates its short-term and long-term strategic plans periodically to manage the capital structure and make adjustments to it.

Although there are no statutory capital requirements, the Fund is subject to certain covenants and restrictions under the loan agreements, including the requirement to maintain minimum amounts of earnings before interest expenses, tax expenses, and amortization expenses, which it has complied with as at the interim consolidated balance sheet date.

As part of the Fund's objective to increase its cash position and strengthen its consolidated balance sheets in advance of its long-term debt refinancing in 2010 and to fuel future growth, the Trustees approved a change to the Fund's monthly distribution. Effective July 2009, the distribution was adjusted to $0.01 per Unit on a monthly basis. The distribution was completely suspended effective November 19, 2009.

The Fund will also review its capital in the context of the change in taxation impacting the Fund commencing 2011.

20 FINANCIAL RISK MANAGEMENT

The Fund is exposed to liquidity risk, interest rate risk and credit risk. The Fund's Trustees have overall responsibility for the establishment and oversight of the Fund's risk management framework and to review the Fund's policies on an ongoing basis.

Interest rate risk

The Fund's interest rate risk is low due to the fixed rate nature of the long-term loan and convertible debentures. The Fund may be subject to interest rate risks as its revolving line of credit facility bears interest at varying rates in accordance with borrowing rates in Canada. Management assesses the interest rate risk exposure not to be significant based on the level of activity of the operating facility.

The Fund plans to refinance its long-term loan when it becomes due on or before December 31, 2010. The Fund is exposed to interest rate risk associated with the renewal of its aggregate outstanding debt as it is expected that borrowings at the time of renewal will be at rates higher than those in place under existing agreements.

20 FINANCIAL RISK MANAGEMENT - CONTINUED

Credit risk

The Fund's financial instruments exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are maintained at major Canadian financial institutions that have high credit ratings assigned by international credit rating agencies and therefore the exposure to credit risk is minimal. Credit risk from accounts receivable is minimized as a result of the review and evaluation of customer account balances beyond a particular age and credit limit. The Fund accounts for a specific bad debt provision when management considers the expected recovery is less than the actual accounts receivable. The credit risk of accounts receivable is limited because the majority of the Fund's revenue is cash or debit/credit card transactions.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade and other accounts receivable and accounts payable and accrued liabilities approximate their fair values because of the near-term maturity of these instruments. The fair values of the long-term loan and convertible debentures are disclosed in notes 9 and 10, respectively.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical financial assets or financial liabilities that the Fund has the ability to access. The Fund's cash and cash equivalents are valued based on their quoted market price.

Fair values determined by Level 2 inputs use inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial assets and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities. The Fund had no financial instruments valued under Level 2 inputs on its interim consolidated balance sheets.

Level 3 inputs are unobservable inputs for the financial asset or financial liability and include situations where there is little, if any, market activity for the financial asset or financial liability. The Fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial asset or financial liability. The Fund had no financial instruments valued under Level 3 inputs on its interim consolidated balance sheets.

(in thousands of dollars, except per Unit amounts)

21 DISCONTINUED OPERATIONS

Disposition plan

On October 17, 2007, the Board of Trustees of the Fund approved a restructuring plan to sell approximately 128 restaurants and close 19 unprofitable restaurants, for a total of 147 restaurants being classified as discontinued. Additionally, consistent with this plan, the Fund has realigned the structure of its business, which resulted in restructuring costs, including lease termination, severance, and other exit costs.

As at December 28, 2008, 21 of the 147 restaurants were closed (18 restaurants were closed in 2007 and 3 were closed in 2008). Due to the change in the Economy and credit markets during the latter part of 2008, the Board of Trustees of the Fund approved a change of plan to sell the restaurants late in the fourth quarter of 2008. The Fund reduced the number of stores to be sold from 128 to 34. The remaining 95 stores were reclassified to continuing operations and two stores were closed in 2008.

	Number of stores
Total number of stores classified as discontinued as per the original disposition plan	147
Add: sold or to be sold stores not included in the original disposition plan	3
Less: closed during 2007 and 2008	(21)
Less: reclassified to continuing operations	(95)
To-be-sold stores as per the revised disposition plan	34

Sale of restaurants

Of the 34 to-be-sold restaurants in the revised disposition plan, 16 were sold in 2008 and 5 were sold in the first quarter of 2009. Due to the continued change in the economy and credit markets, in the second quarter of fiscal 2009, the Board of Trustees of the Fund approved that the remaining 13 restaurants also be reclassified back to continuing operations at the end of the second quarter. At the time of reclassification, these 13 stores were valued individually at the lower of carrying amount before they were classified as discontinued, adjusted for any amortization expense that would have been recognized had they been continuously classified as held and used, or fair value.

(in thousands of dollars, except per Unit amounts)

21 DISCONTINUED OPERATIONS - CONTINUED

Results for the discontinued operations

Prior to the second quarter of 2009, discontinued operations consisted of the 34 restaurants, which were sold or to be sold, and the 21 closed restaurants. Commencing in the second quarter of 2009, discontinued operations only consist of the 16 stores that were sold in 2008 and 5 that were sold in the first quarter of 2009 (total of 21 stores) and the consolidated financial statements have been retroactively restated to reflect this change.

The operating results and cash flow information for the discontinued operations are as follows:

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Revenues	-	274
Loss from discontinued operations before non-controlling interest	(284)	(91)
Non-controlling interest	114	36
Loss from discontinued operations	(170)	(55)

As a result of the restructuring plan, the Fund recorded restaurant closure costs of $2,443 in the fourth quarter of 2007. In the period ended March 21, 2010, the Fund paid out $155 to reduce these obligations (December 29, 2008 to March 22, 2009 - $107). As of March 21, 2010, the balances owing and outstanding are $1,465 (December 27, 2009 - $1,370).

The assets and liabilities of the discontinued operations for the 21 sold stores are:

	March 21, 2010 $	December 27, 2009 $
Assets		
Inventories	-	-
Other assets	-	-
Property and equipment	-	-
	-	-
Liabilities		
Accounts payable and accrued liabilities	2	2
Step lease	-	-
	2	2

(in thousands of dollars, except per Unit amounts)

21 DISCONTINUED OPERATIONS - CONTINUED

The following table provides additional information with respect to amounts included in the consolidated statements of cash flows related to discontinued operations:

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Loss from discontinued operations	(170)	(55)
Items not affecting cash		
Non-controlling interest	(114)	(36)
Gain on sale of restaurants	-	(33)
	(114)	(69)
Cash used in discontinued operations	(284)	(124)

Components of changes in non-cash working capital balances of discontinued operations are as follows:

	Period from December 28, 2009 to March 21, 2010 $	Period from December 29, 2008 to March 22, 2009 $
Inventories	-	12
Prepaid and other assets	-	9
Accounts payable and accrued liabilities	-	(80)
	-	(59)

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 PRISZM INCOME FUND, PRISZM CANADIAN OPERATING TRUST, PRISZM INC. AND KIT FINANCE INC.

Court File No: CV-11-9159-00CL

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SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

APPLICATION RECORD
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VOLUME II OF III

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