

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

APPLICANTS

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**MOTION RECORD**  
(Re Order Amending the Initial Order)

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April 23, 2010

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**TO: THE SERVICE LIST**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

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

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

Applicants

CANWEST LP SERVICE LIST AS OF MARCH 4, 2010

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

APPLICANTS

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# TAB 1

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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IN THE MATTER OF THE *COMPANIES' CREDITORS  
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APPLICANTS

**NOTICE OF MOTION**

The Applicants will make a motion to a judge presiding over the Commercial List on a date and at a time not yet fixed but to be arranged at the convenience of the Court and counsel, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:**

The motion is to be heard orally.

**THE MOTION IS FOR:**

1. an Order:
  - (a) abridging the time for service of this Notice of Motion and the Motion Record herein and dispensing with service on any person other than those served;
  - (b) amending the Initial Order to strike any and all references to Mr. Dennis Skulsky, as President of Canwest Publishing Inc./Publications Canwest Inc ("CPI"), and replace them with references to Mr. Kevin Bent, as Interim President of CPI; and
2. such further and other Orders as counsel may request and this Honourable Court may permit.

**THE GROUNDS FOR THIS MOTION ARE:**

3. The Applicants were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA"), pursuant to an initial order of this Honourable Court dated January 8, 2010 (the "**Initial Order**");
4. The Initial Order specifically references Mr. Skulsky, as President of CPI, and provides that Mr. Skulsky will, *inter alia*:
  - (a) report solely and directly to the special committee of the board of directors of Canwest Global Communications Corp. (the "**Special Committee**"); and
  - (b) meet at least once per week with the chief restructuring advisor to the LP Entities (the "**LP CRA**"), FTI Consulting Canada Inc, as court-appointed monitor of the LP Entities (the "**Monitor**") and the financial advisor to counsel for the Bank of Nova Scotia in its capacity as Administrative Agent for the senior lenders to Canwest Limited Partnership (the "**McMillan Financial Advisor**");
5. On March 12, 2010, the LP Entities announced that Mr. Skulsky would resign from his position as President of CPI effective April 30, 2010;
6. On April 23, 2010, the Special Committee will meet to consider, among other things, the proposed appointment of Mr. Bent to the position of Interim President of CPI;
7. It is important that a formal system be in place for the regular and timely transfer of operational and financial information from the LP Entities to the LP CRA, the Monitor and the McMillan Financial Advisor;
8. Mr. Bent will be assuming the role contemplated for Mr. Skulsky by the Initial Order and will be reporting solely and directly to the Special Committee and providing regular updates to the LP CRA, the Monitor and the McMillan Financial Advisor;
9. The Applicants wish to amend the Initial Order to remove all references to Mr. Skulsky and replace them with references to Mr. Bent and to remove all references to the President of CPI and replace them with references to the Interim President of CPI;

10. It is just and convenient and in the interests of the LP Entities and their stakeholders that the requested Order be granted;

11. The proposed amendment to the Initial Order is supported by the Monitor, the LP CRA and The Bank of Nova Scotia in its capacity as Administrative Agent for the senior lenders to Canwest Limited Partnership;

12. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

13. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

14. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

15. The Affidavit of Dennis Skulsky, sworn April 23, 2010, and the exhibits thereto; and

16. Such further and other materials as counsel may advise and this Honourable Court may permit.

April 23, 2010

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TO: THE SERVICE LIST

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF MOTION**

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TAB 2

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

**ONTARIO  
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**AFFIDAVIT OF DENNIS SKULSKY  
(Sworn April 23, 2010)**

I, Dennis Skulsky, of the City of Surrey, in the Province of British Columbia,  
MAKE OATH AND SAY:

1. I am the President of Canwest Publishing Inc./Publications Canwest Inc. (“CPI”). As such, I have personal knowledge of the matters deposed to herein. Where I have relied upon other sources for information, I have specifically referred to such sources and verily believe them to be true. In preparing this Affidavit, where necessary I have also consulted with members of the senior management teams of CPI, Canwest Books Inc. and Canwest (Canada) Inc. (collectively, the “Applicants”) and Canwest Limited Partnership/Canwest Societe en Commandite (the “Limited Partnership” and, together with the Applicants, the “LP Entities”).

2. As noted previously in the affidavit of Douglas E.J. Lamb sworn March 19, 2010 (the “March 19 Lamb Affidavit”), on March 1, 2010, all of the directors and officers of the LP Entities resigned with immediate effect. In addition, on March 12, 2010, the LP Entities announced my resignation from the position of President of CPI effective April 30, 2010. A copy of the March 19 Lamb Affidavit, without exhibits, is attached as Exhibit “A” to this Affidavit.

3. The initial order granted by this Honourable Court on January 8, 2010 (the “Initial Order”) makes specific reference to me in my capacity as President of CPI, and



therefore certain minor changes to the Initial Order are required. As noted in the March 19 Lamb Affidavit, these changes are required on or before April 30, 2010, which is the effective date of my resignation. A copy of the Initial Order (without schedules) is attached as Exhibit "B" to this Affidavit.

4. This affidavit is sworn in support of a motion by the LP Entities seeking an Order, substantially in the form attached to the Motion Record, amending the Initial Order to reflect: (i) my resignation from the position of President of CPI and (ii) the proposed assumption of certain duties outlined in the Initial Order by Mr. Kevin Bent.

5. It is my understanding that this motion is unopposed and that, in particular, the motion is supported by the chief restructuring advisor to the LP Entities (the "LP CRA"), FTI Consulting Canada Inc, as court-appointed monitor of the LP Entities (the "Monitor") and the Bank of Nova Scotia in its capacity as Administrative Agent for the Senior Lenders to Canwest Limited Partnership (the "LP Administrative Agent").

### **Resignation of Dennis Skulsky and Proposed Appointment of Kevin Bent as Interim President**

6. On March 12, 2010, the LP Entities announced my resignation as President of CPI effective April 30, 2010.

7. From April 30, 2010 to August 31, 2010, I will continue to provide guidance and assistance to the LP Entities pursuant to the terms of a consulting agreement (the "Skulsky Consulting Agreement") that was approved by this Honourable Court pursuant to the Order dated March 26, 2010 (the "Order Amending the Initial Order and Approving Certain Employee Arrangements"). A copy of the Order Amending the Initial Order and Approving Certain Employee Arrangements is attached as Exhibit "C" to this Affidavit.

8. I understand that, later today, the special committee of the board of directors of Canwest Global Communication Corp. (the "Special Committee") will be meeting to, among other things, consider the proposed appointment of Mr. Bent to the position of interim president ("Interim President") of CPI. Mr. Bent currently occupies the position of President and Publisher of the Pacific News Group and will continue in that role if he is appointed Interim

President of CPI. Mr. Bent has worked in different roles within the newspaper publishing operations of Canwest Global for approximately 16 years.

## Changes to the Initial Order

9. The Initial Order specifically provides that, throughout the course of the CCAA proceeding of the LP Entities, I will report directly and solely to the Special Committee. The Initial Order further provides that I am to:

- (a) keep the Monitor and the LP CRA advised on a timely basis of developments in the operations and financial performance of the LP Entities;
- (b) meet with the Monitor, the LP CRA and the financial advisor to counsel for the LP Administrative Agent (the "**McMillan Financial Advisor**") and other advisors to the LP Administrative Agent at least once per week, unless otherwise agreed by the McMillan Financial Advisor, to provide updates on operations and the financial performance of the LP Entities; and
- (c) advise the Monitor, the LP CRA and the McMillan Financial Advisor immediately if the Special Committee disagrees with and precludes me from proceeding with any financial or operational initiative that I believe is in the best interests of the LP Entities.

10. The impending effective date of my resignation requires that the Initial Order be amended to remove specific references to me in my capacity as President of CPI. At the same time, the LP Entities have determined, in consultation with the Monitor, the LP CRA and the LP Administrative Agent, that it is necessary that an individual with extensive and up-to-date knowledge of the restructuring and operations of the LP Entities be designated to provide the same regular updates as were contemplated by the Initial Order in respect of me. After considerable discussion it has been determined that Mr. Bent is the appropriate individual to fill that role.

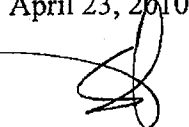
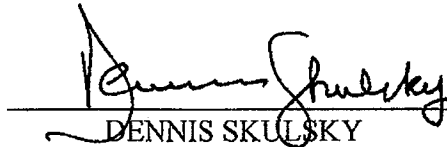
11. In the view of the LP Entities, a formal system for the regular and timely transfer of operational and financial information to the Monitor, the LP CRA and the McMillan Financial Advisor is important to the success of the restructuring. Mr. Bent, as a senior employee of the LP Entities, has been intimately involved in the operational and financial affairs of the LP Entities

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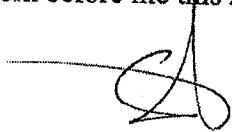
since before the commencement of this CCAA proceeding. As Interim President, Mr. Bent will be appropriately positioned to assume my role in the restructuring as the liaison between the LP Entities on the one hand and the LP CRA, the Monitor and the McMillan Financial Advisor on the other.

12. The LP Entities accordingly propose that the Initial Order be amended so that specific references to me in the Initial Order are removed and replaced with references to Mr. Kevin Bent, as Interim President of the LP Entities. Similarly, the LP Entities propose that all references in the Initial Order to the "President of CPI" be replaced by references to the "Interim President of CPI".

SWORN BEFORE ME at the City  
of Toronto, in the Province of Ontario on  
April 23, 2010

  
\_\_\_\_\_  
Commissioner for Taking Affidavits  
\_\_\_\_\_  
DENNIS SKULSKY

This is Exhibit "A" to the  
Affidavit of Dennis Skulsky  
sworn before me this 23th day of April, 2010.



\_\_\_\_\_  
Commissioner for Taking Affidavits

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

APPLICANTS

**AFFIDAVIT OF DOUGLAS E.J. LAMB  
(Sworn March 19, 2010)**

I, Douglas E.J. Lamb, of the City of Toronto, in the Province of Ontario, MAKE  
OATH AND SAY:

1. I am a senior employee of Canwest Publishing Inc./Publications Canwest Inc. ("CPI"). As such, I have personal knowledge of the matters deposed to herein. Where I have relied upon other sources for information, I have specifically referred to such sources and verily believe them to be true. In preparing this Affidavit, where necessary I have also consulted with other members of Canwest Global Communication Corp. ("Canwest Global")'s senior management team and members of the senior management teams of the Applicants and Canwest Limited Partnership/Canwest Societe en Commandite (the "Limited Partnership").
2. Capitalized terms not defined in this affidavit are as defined in the affidavit of Thomas C. Strike sworn January 7, 2010 (the "Initial Order Affidavit"). A copy of the Initial Order Affidavit (without exhibits) is attached as Exhibit "A" to this Affidavit.
3. On January 8, 2010, CPI, Canwest Books Inc. and Canwest (Canada) Inc. (collectively, the "Applicants") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to an initial order (the "Initial Order") of this Honourable Court. The Initial Order also extended relief to the Limited Partnership (together with the Applicants, the "LP Entities") and appointed FTI

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Consulting Canada Inc. as monitor (the "Monitor") of the LP Entities. A copy of the Initial Order (without schedules) is attached as Exhibit "B" to this Affidavit. On February 2, 2010, the LP Entities obtained an Order, *inter alia*, extending the Stay Period until April 14, 2010. A copy of the February 2, 2010 Stay Extension Order and Order Amending the Initial Order and the Procedures for the Sale and Investor Solicitation Process (without schedules) is attached as Exhibit "C" to this Affidavit.

4. In the months that have passed since the Initial Order, the LP Entities have been carrying on business and, under the supervision of the Monitor and with the assistance of RBC Capital Markets as financial advisor, carrying out the Sale and Investor Solicitation Process (the "SISP"). During this time they have also continued to perform and, where applicable, are carrying out the orderly transition and/or discontinuation of certain business functions, including the inter-entity arrangements between the LP Entities and other affiliated Canwest Global entities (collectively, the "Shared Services").

5. In recent weeks, the directors and officers of the LP Entities have all resigned and have not been replaced. Dennis Skulsky, the president of CPI, has resigned effective April 30, 2010.

6. In this motion, the Applicants seek an Order authorizing the LP Entities, with the consent of the Monitor, and subject to the Approved Cash Flow and the LP DIP Definitive Documents, to make retention payments to certain employees whose services are deemed by the LP Entities, in consultation with the LP CRA, to be integral to the performance and/or wind-down of the Shared Services and other Canwest business units.

7. The Applicants also seek an Order making such changes to the Initial Order, the LP MIP and the Special Arrangements as are necessary to reflect the resignations of the directors and officers of the LP Entities, the resignation of Dennis Skulsky and the reallocation of responsibilities among the remaining senior employees of the LP Entities as a result of the resignations.

8. I am swearing this affidavit in support of the Applicants' motion.

## **THE REALIGNMENT AND DISCONTINUATION OF SHARED SERVICES**

9. As described in greater detail in the Initial Order Affidavit, over the past several years, Canwest Global attempted to streamline processes and gain synergies by sharing certain administrative, advisory and other business critical services between its subsidiaries pursuant to the terms of various inter-entity agreements (the “**Inter-Entity Agreements**”). For example, the Limited Partnership has historically provided financial and accounting support services, corporate human resources services and IT infrastructure and support services to itself, Canwest Media Inc. (“**CMI**”) and other related entities. In turn, CMI has provided the LP Entities with executive advisory services, corporate and administrative services related to legal and tax matters and insurance coverage. The Inter-Entity Agreements provide that the service provider is entitled to reimbursement for all costs and expenses incurred in the provision of the Shared Services.

10. The Shared Services arrangements are currently in the process of being discontinued, transitioned and/or realigned pursuant to the terms of a transition and reorganization agreement dated as of October 26, 2009 between Canwest Global, the Limited Partnership, CPI, CMI, Canwest Television Limited Partnership and the National Post Company (the “**Transition and Reorganization Agreement**”). By Order dated October 30, 2009, as part of the CCAA proceeding of CMI and other related entities (collectively, the “**CMI Entities**”), this Honourable Court approved, *inter alia*, the entering into, execution and delivery of the Transition and Reorganization Agreement. Attached as Schedule “A” to the Transition and Reorganization Agreement is the Agreement on Shared Services and Employees (the “**New Shared Services Agreement**”), which will significantly reduce the extent of the Shared Services provided. By its terms:

- (a) Existing arrangements will continue until various dates in 2010 and 2011;
- (b) Certain cost and expense allocations will be amended;
- (c) Certain employees will be realigned with the entity to whom they are providing services; and
- (d) Pension plan participants will be transferred to the pension plan sponsored by the entity for whom they are providing services.

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11. A copy of the New Shared Services Agreement, which is attached as part of Exhibit "T" to the Initial Order Affidavit, is attached as Exhibit "D" to this Affidavit.

12. Since the commencement of this CCAA proceeding on January 8, 2010 the LP Entities have continued to provide, receive, collect and pay for Shared Services in accordance with the Initial Order and pursuant to the terms of the New Shared Services Agreement. Pursuant to the terms of the New Shared Services Agreement, on February 28, 2010, certain of the Shared Services arrangements were scheduled to be terminated. By letter agreement that will be dated as of March 1, 2010 (the "Side Letter"), the LP Entities and the CMI Entities agreed that certain of the Shared Services that were scheduled to be terminated on February 28, 2010 - including human resources, legal, tax and insurance-related services - would continue from March 1, 2010 to June 30, 2010 or such other period as agreed by the parties. The form of Side Letter was attached to the Fourth Report of the Monitor filed March 12, 2010.

#### **THE NEED TO RETAIN CERTAIN CRITICAL EMPLOYEES**

13. The LP Entities currently employ approximately 417 full-time equivalent ("FTE") employees who work in Shared Services functions in Toronto, Ontario and Winnipeg, Manitoba. Of this number, approximately 232 FTE employees provide services to both the LP Entities and the CMI Entities, and approximately 185 FTE employees provide services exclusively to the LP Entities.

14. Certain of the employees that work in Shared Services perform functions that are critical to the conduct, transition and/or orderly wind-down of the Shared Services arrangements. It is anticipated that the employment of some of the Shared Services employees will be terminated in upcoming months as the inter-entity components of their respective Shared Services arrangements are discontinued. Certain of these employees have already been informed that their employment will not be continuing. As a result, there is a risk that some of the employees who perform services that are critical to the transition and wind-down of the Shared Services arrangements will seek alternative employment before their respective roles in the transition are completed. There are also certain employees that the LP Entities need to retain as part of continuing operations who may be motivated to seek alternative employment during this period. In the view of the LP Entities, it would be difficult to hire and train replacement employees to perform these jobs within the timeframe required to prevent significant disruptions



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to the businesses of the LP Entities. The premature departure of certain of these employees – some of whom will be terminated and some of whom will be retained – could undermine both the transition as provided for in the New Shared Services Agreement and the restructuring of the LP Entities to the extent that the provision of these services and other business functions is interrupted.

15. Similarly, as part of their restructuring, the LP Entities will be relocating certain of their business units. It is important that employees affected by these restructuring initiatives be given incentives to remain in their employment with the LP Entities and to continue to perform their respective functions pending the complete and orderly relocation of such business services.

#### **PROPOSED RETENTION PAYMENTS**

16. The LP Entities are seeking the Court's authorization to make retention payments to designated employees who work for certain Shared Services entities or whose business units are being relocated and whose services are deemed to be critical, whether to the transition and wind-down of the inter-entity arrangement or to the continued operation of the relocated business unit until relocation is completed. The proposed payments are intended to be incentives for the designated employees to continue their employment with the LP Entities.

17. The LP Entities also seek authorization to make future payments to other employees yet to be identified whose premature departure, in the opinion of the LP Entities, in consultation with the LP CRA, would be detrimental to the performance, transition or discontinuation of a business unit.

18. The LP Entities seek authorization but not direction in the proposed Order to make payments not to exceed a maximum aggregate of \$1,000,000 to employees with the prior consent of the Monitor and The Bank of Nova Scotia in its capacity as Administrative Agent (the "LP Administrative Agent") for the senior lenders to the Limited Partnership if, subject to availability under the LP DIP Facility, the LP DIP Definitive Documents and the Approved Cash Flow, in the opinion of the LP Entities in consultation with the LP CRA, the employee is critical to the performance, transition or discontinuation of a business unit or service. A schedule containing the names, positions, salaries and proposed retention payments of certain employees who have already been designated as critical will be disclosed in a confidential supplement to the

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Fifth Report of the Monitor (the "Further Confidential Supplement"), which will be filed separately in connection with this motion.

19. As detailed in the Further Confidential Supplement, thus far, 67 employees have been designated to receive these payments. The aggregate of payments currently reflected in the Further Confidential Supplement is approximately \$400,000. The employees who have been informed that their positions are being eliminated are being required, as a condition of receiving the proposed payments, to sign comprehensive releases in favour of the LP Entities.

20. Subject to the granting of the requested Order by this Honourable Court, the Monitor proposes to provide subsequent reports to this Honourable Court in respect of all future proposed retention payments, which reports will include confidential supplements detailing the identities of the employees and the proposed payments.

21. The contemplated retention payments described herein are reflected in the cash flow forecast scheduled to the Second Report of the Monitor filed on January 29, 2010. In respect of the employees providing services to the CMI Entities under the New Shared Services Agreement, a portion of the retention payments are cash neutral to the LP Entities because the monthly charges payable by CMI to the LP Entities under the New Shared Services Agreement include, among other things, a provision for termination, severance and retention payments to those employees of the LP Entities that are doing work for the benefit of the CMI Entities and who, upon the termination of certain Shared Services, will become redundant to the LP Entities.

22. The business and administrative functions provided to and received by the LP Entities by the business units that perform Shared Services functions are integral to maintaining the enterprise value of the businesses of the LP Entities. The LP Entities will continue to rely on the business and administrative functions performed by the LP Entities' Shared Services business units after the discontinuation of the current inter-entity arrangements. It is therefore essential that those employees whose services are critical to the performance or orderly discontinuation of the Shared Services, the relocation of the LP Entities' business units or the continued operation of other Canwest business units be incented to remain in the employment of the LP Entities.

23. The LP Entities have consulted with the LP Administrative Agent, and it is my understanding that the LP Administrative Agent supports the proposed Order. The retention

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payments were included in the Approved Cash Flow, which was approved by the LP Administrative Agent and filed as part of the Applicants' Application Record on January 8, 2010. The LP Administrative Agent has been provided with information concerning the proposed payments and does not object to the payments contemplated therein. I have been advised that the Monitor and the LP CRA also support the proposed Order and the proposed retention payments.

### **CHANGES TO THE OFFICERS AND DIRECTORS OF THE LP ENTITIES**

24. As further described in the affidavit sworn by Thomas Strike in support of the Initial Order, the decision making within the LP Entities was streamlined through the use of unanimous shareholder declarations that removed the rights, powers and duties of the directors of the Applicants. The effect of these declarations was to consolidate decision making with the directors of Canwest Global.

25. At the same time, the day to day operations of the LP Entities have been carried out under the supervision of a group of senior employees and, in particular, Dennis Skulsky, the President of CPI (as defined in the Initial Order).

26. As noted above, on March 1, 2010, all of the directors and officers of the LP Entities resigned from their positions with immediate effect. They have not been replaced.

27. Mr. Skulsky has advised that he is resigning effective April 30, 2010. A copy of a news release announcing his resignation is attached hereto as Exhibit "E".

28. Mr. Skulsky is carrying out a key role as the LP Entities transition to Phase 2 of the SISP. His continued involvement will be particularly important over the next few weeks as prospective bidders meet with management to develop a more in-depth understanding of the LP Entities' business. Subject to finalization of arrangements regarding his separation from employment, he has agreed to remain in his position until April 30 so that he can continue to carry out this vital function. After April 30, Mr. Skulsky has agreed to provide guidance and assistance to the LP senior management in a consulting role through August 31, 2010.

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### **CHANGES TO THE INITIAL ORDER ARE REQUIRED**

29. The Initial Order assigned certain specific responsibilities to the President of CPI, and identified Mr. Skulsky as the holder of that position. The LP Entities will be bringing a motion before April 30, 2010 to request certain additional changes to the Initial Order that are necessitated by Mr. Skulsky's resignation.

30. Given that the directors and officers of the LP Entities have resigned, certain changes to the Initial Order are currently required. I understand that the draft Order filed in connection with this motion sets out the proposed changes. The Initial Order provides certain protections for the directors and officers of the Applicants, including the granting of an indemnification and charge in favour of the directors and officers in the event of the failure, on the part of the LP Entities, to make certain kinds of payments. The directors and officers have now resigned and, as noted above, the powers and responsibilities of the directors previously had been assumed by shareholder declarations. However, members of senior management continue to oversee the day to day activities of the LP Entities.

31. Given the resignations of the board and officers, the LP Entities are asking that the Initial Order be amended to clarify, for the avoidance of any doubt, that the director and officer protections, including the indemnification and charge, apply to any deemed or *de facto* directors or officers.

### **CHANGES TO THE INCENTIVE PLANS**

32. The Initial Order approved the LP Entities' management incentive plan, the National Post Inc. Management incentive plan and employee special arrangements (the "LP MIP", the "NP MIP" and the "Special Arrangements", respectively). These arrangements provided incentives for the retention of employees who were critical to the continued operation of the LP Entities' business, the carrying out of the SISP and, more generally, the successful restructuring of the enterprise.

33. In light of Mr. Skulsky's pending resignation, and in part in light of the resignation of the other officers and directors of the Applicants, the roles and responsibilities of certain members of senior management, including individuals who are subject to the LP MIP, and/or Special Arrangements, have been amended and/or increased. I am one of the individuals in question. The LP Entities are of the view that the LP MIP and the Special Arrangements

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should be amended: (i) to reflect the new responsibilities of certain individuals; (ii) to reflect the importance of retaining these individuals so as to provide continuity, during the restructuring and through CCAA emergence, in light of Mr. Skulsky's departure; and (iii) to reflect the amended retention payment terms for Mr. Skulsky, and the elimination of the Special Arrangements as they pertain to Mr. Skulsky, in light of his resignation. The NP MIP is unaffected by the proposed changes.

34. The LP Entities also propose that that the Initial Order be amended so that the amount of the LP MIP Charge (as defined in the Initial Order) is increased to account for a net increase of approximately \$1.3 million in payments contemplated pursuant to the proposed amendments to the LP MIP. If this relief is granted, the key employees referred to in the amended LP MIP will be entitled to the benefit of the LP MIP Charge in an amount not to exceed \$4.3 million to secure amounts owing to key employees under the LP MIP and the Special Arrangements.

35. The LP CRA, the Monitor and the LP Administrative Agent all support the proposed amendments.

36. The operative terms of the LP MIP and the Special Arrangements were set out, in redacted form, in an exhibit to the Initial Order Affidavit. The details of the payees and amounts were set out in schedules to those documents which were included in a confidential supplement to the report of the (then) proposed Monitor. I understand that the proposed changes to the LP MIP will be included in the Further Confidential Supplement. The Special Arrangements as they pertain to Mr. Skulsky will be eliminated, pursuant to the Skulsky Consulting Agreement (as defined below). The changes are highly commercially sensitive and pertain to identifiable individuals, and as such the LP Entities will be requesting that the revisions be sealed, as was the case with the original LP MIP and the Special Arrangements.

#### **CONSULTING AGREEMENT WITH MR. SKULSKY**

37. Notwithstanding his resignation effective April 30, Mr. Skulsky has agreed to be available to the LP Entities as a consultant until August 31, 2010. To that end, the LP Entities and Mr. Skulsky have agreed to a form of consulting agreement (the "Skulsky Consulting Agreement") which is subject to Court approval.

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38. Mr. Skulsky has been involved with the newspaper industry for more than thirty years, and has held senior positions, within and outside of the LP Entities, across the country. The next few months will be critical for the restructuring, and to position the LP Entities for a successful emergence from CCAA protection. I believe that the LP Entities will benefit greatly, during this period, from having the ability to call on Mr. Skulsky's vast experience and acumen.

39. I understand that the form of Skulsky Consulting Agreement will be attached to the Further Confidential Supplement. I believe that it is in the best interests of the restructuring that it be approved. The LP CRA, Administrative Agent and Monitor all support its approval. This document is highly sensitive and, as such, the LP Entities will be requesting that the form of Skulsky Consulting Agreement be sealed.

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario, on  
March 19, 2010.

  
Commissioner for Taking Affidavits

Amanda Elizabeth Brennan, a  
Commissioner, etc., Province of  
Ontario, while a Student-at-Law.  
Expires April 3, 2011.



DOUGLAS E.J. LAMB

This is Exhibit "B" to the  
Affidavit of DENNIS SKULSKY  
sworn before me this 23rd day of April, 2010.



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Commissioner for Taking Affidavits



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM	)	FRIDAY, THE 8TH
	)	
JUSTICE PEPALL	)	DAY OF JANUARY, 2010

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

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

**INITIAL ORDER**

THIS APPLICATION, made by Canwest Publishing Inc./Publications Canwest Inc. ("CPI"), Canwest Books Inc. ("CBI") and Canwest (Canada) Inc. ("CCI"), (together, the "Applicants"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Thomas C. Strike sworn January , 2009 and the Exhibits thereto (the "**Strike Affidavit**") and the Report of the Proposed Monitor, FTI Consulting Canada Inc. ("**FTI Consulting**" or the "**Monitor**") (the "**Monitor's Pre-Filing Report**"), and on being advised that CIBC Mellon Trust Company and other secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and Canwest Limited Partnership/Canwest Societe en Commandite (the "**Limited Partnership**"), the Special Committee, being an existing committee comprised only of independent directors of the Board of Directors of Canwest Global Communications Corp. (the "**Special Committee**"), FTI Consulting, The Bank of Nova Scotia in its capacity as Administrative Agent (the "**Agent**") for the senior lenders to the Limited Partnership (collectively, the "**Senior Lenders**"), and the ad hoc committee of holders of 9.25% senior



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

## **PART I – CCAA RELIEF**

### **SERVICE**

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

### **APPLICATION**

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

### **PLAN OF ARRANGEMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**LP SUPPORT AGREEMENT**

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

**RESTRUCTURING**

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

#### **CONTINUATION OF SERVICES**

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

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

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

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

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

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

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

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

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

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

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

#### **APPOINTMENT OF MONITOR**

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

#### **CHIEF RESTRUCTURING ADVISOR**

41. THIS COURT ORDERS that CRS Inc. ("CRS") be and is hereby appointed as Chief Restructuring Advisor of the LP Entities in accordance with the terms and conditions of the agreement entered into between Canwest Global Communications Corp. ("Canwest Global"), the LP Entities and CRS (CRS and its President, Gary F. Colter, are collectively referred to herein as the "LP CRA") dated November 1, 2009 (the "LP CRA Agreement"), effective as of the date of this Order.
42. THIS COURT ORDERS that the LP CRA Agreement is hereby approved and given full force and effect and that the LP CRA is hereby authorized to retain counsel as set out in the LP CRA Agreement. The LP CRA Agreement shall not be amended without prior Court approval.
43. THIS COURT ORDERS that the LP Entities are authorized and directed to continue the engagement of the LP CRA on the terms and conditions set out in the LP CRA Agreement.
44. THIS COURT ORDERS that the LP CRA shall not be or be deemed to be a director, officer or employee of any of the LP Entities.
45. THIS COURT ORDERS that the LP CRA and its directors and officers shall incur no liability or obligation as a result of the LP CRA's appointment or the carrying out of the provisions of this Order, or the provision of services pursuant to the LP CRA Agreement, save and except as may result from gross negligence or wilful misconduct on the part of the LP CRA. In particular, the LP CRA and its directors and officers shall incur no liability, whether statutory or otherwise, as a director or officer of the LP Entities.
46. THIS COURT ORDERS that (i) the indemnification obligations of Canwest Global in favour of the LP CRA and its officers and directors set out in the LP CRA Agreement; and (ii)

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

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

#### **DIP FINANCING**

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

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

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

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

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

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

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

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

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

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

First – LP Administration Charge

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

Third – The FA Charge; and

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **MANAGEMENT INCENTIVE PLAN**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

#### **SANCTION HEARING AND ORDER**

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

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

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

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

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

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

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

#### **SERVICE AND NOTICE**

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

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

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

#### GENERAL

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

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

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

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

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

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

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



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

JAN 15 2010

PER / PAR: JSN Joanne Nicoara  
Registrar, Superior Court of Justice

This is Exhibit "C" to the  
Affidavit of DENNIS SKULSKY  
sworn before me this 23rd day of April, 2010.

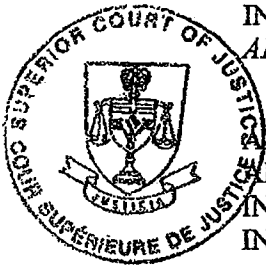
A handwritten signature in black ink, appearing to be a stylized 'S' or 'D' with a vertical line through it, positioned above a horizontal line.

\_\_\_\_\_  
Commissioner for Taking Affidavits

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

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

THE HONOURABLE MADAM	)	FRIDAY THE 26th
	)	
JUSTICE PEPALL	)	DAY OF MARCH, 2010



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

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

**ORDER AMENDING THE INITIAL ORDER AND APPROVING CERTAIN  
EMPLOYEE ARRANGEMENTS**

THIS MOTION, made by the Applicants seeking authorization to make retention payments to certain employees, amendment of certain provisions of the Initial Order of this Honourable Court granted January 8, 2010 and approval of certain employee arrangements, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Douglas E.J. Lamb sworn March 19, 2010 (the "**Lamb Affidavit**") and the Exhibits thereto, and the report of FTI Consulting Canada Inc. (the "**Report**") in its capacity as the monitor appointed in these proceedings (the "**Monitor**"), and on hearing the submissions of counsel for the Applicants and Canwest Limited Partnership / Canwest Societe en Commandite (the "**Limited Partnership**" and, together with the Applicants, the "**LP Entities**"), the Monitor, The Bank of Nova Scotia in its capacity as Administrative Agent (the "**Agent**") for the senior lenders to the Limited Partnership (collectively, the "**Senior**

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Lenders”), no one appearing for anyone else on the service list although served as appears from the Affidavit of Service,

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

2. THIS COURT ORDERS that, subject to availability under the LP DIP Facility, the LP DIP Definitive Documents and the Approved Cash Flow (all as defined in the Initial Order), the LP Entities shall be entitled but not required to make payments not to exceed a maximum aggregate amount of \$1,000,000 to employees with the prior consent of the Monitor and the Agent if, in the opinion of the LP Entities in consultation with the LP CRA (as defined in the Initial Order), the employee’s services are critical to the continued performance or orderly transition and/or discontinuation of certain business units and/or business critical functions, including the inter-entity arrangements between the LP Entities and other affiliated entities (collectively, the “Shared Services”), as described in the Agreement on Shared Services and Employees (the “New Shared Services Agreement”) dated as of October 26, 2009 and attached as Exhibit “D” to the Lamb Affidavit.

3. THIS COURT ORDERS that the schedule of proposed employee payments in the form attached as part of a confidential supplement to the Fifth Report of the Monitor (the “Further Confidential Supplement”) is hereby approved and that the LP Entities are authorized to make the payments contemplated thereunder.

4. THIS COURT ORDERS that the following paragraph shall be added to the Initial Order:

28.1 THIS COURT ORDERS that all references to former, current or future directors or officers (or their respective estates) in paragraphs 26-28 of this Order shall be deemed to include deemed or *de facto* directors or officers of the LP Entities, including, for greater certainty, references in respect of the Directors’ and Officers’ indemnification and the LP Directors’ Charge.

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5. THIS COURT ORDERS that the amendments to the LP Entities' management incentive plan (the "LP MIP") and the employee special arrangements (the "Special Arrangements") as described in the Further Confidential Supplement are hereby approved and that the LP Entities are authorized to make the payments contemplated therein.
6. THIS COURT ORDERS that the LP MIP Charge (as defined in the Initial Order) be and is hereby increased by a net amount of \$1.3 million so that the key employees under the LP MIP and the Special Arrangements shall be entitled to the benefit of the LP MIP Charge on the LP Property (as defined in the Initial Order), which charge shall not exceed an aggregate amount of \$4.3 million, to secure amounts owing to such key employees under the LP MIP and the Special Arrangements.
7. THIS COURT ORDERS that the LP Entities are hereby authorized to enter into a consulting agreement between the LP Entities and Mr. Dennis Skulsky (the "Skulsky Consulting Agreement") substantially in the form attached to the Further Confidential Supplement and that the Skulsky Consulting Agreement is hereby approved.
8. THIS COURT ORDERS that Douglas E.J. Lamb is hereby authorized and directed to execute the Skulsky Consulting Agreement on behalf of the LP Entities.
9. THIS COURT ORDERS that the Further Confidential Supplement shall be sealed, kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.
10. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

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

MAR 26 2010

PER / PAR: TV



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

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

APPLICANTS

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

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Lawyers for the Applicants

F. 1117119

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

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

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

APPLICANTS

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

Proceeding commenced at Toronto

**AFFIDAVIT OF DENNIS SKULSKY**  
**(Sworn April 23, 2010)**

**OSLER, HOSKIN & HARCOURT LLP**  
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TAB 3

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MADAM )  
JUSTICE PEPALL )  
DAY, THE <sup>th</sup> DAY  
OF APRIL, 2010

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

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

**ORDER AMENDING THE INITIAL ORDER**

THIS MOTION, made by the Applicants for an Order amending the Initial Order and other relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Dennis Skulsky sworn April 23, 2010 and the Exhibits thereto (the "**Skulsky Affidavit**"), and on hearing the submissions of counsel for the Applicants and Canwest Limited Partnership / Canwest Societe en Commandite (the "**Limited Partnership**") and, collectively with the Applicants, the "**LP Entities**"), FTI Consulting Canada Inc. in its capacity as court-appointed Monitor for the LP Entities (the "**Monitor**"), The Bank of Nova Scotia in its capacity as Administrative Agent for the senior lenders to the LP Entities, and such other counsel as were present, no one appearing for anyone else on the service list although served as appears from the Affidavit of Service, filed,

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

2. THIS COURT ORDERS that the Order of this Honourable Court made in these proceedings on January 8, 2010 (the "**Initial Order**") be and is hereby amended so that the reference in paragraph 5 to Mr. Dennis Skulsky is stricken and replaced by a reference to Mr. Kevin Bent and all references in paragraphs 5 and 32(g) of the Initial Order to the "President of CPI" are stricken and replaced by references to the "Interim President of CPI".

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985, c.C-36,  
AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST  
PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC. AND  
CANWEST (CANADA) INC.

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

APPLICANTS

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER AMENDING THE INITIAL ORDER**

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

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

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

APPLICANTS

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD**  
(Re Order Amending the Initial Order)

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