

TAB B

Court File No. 10-CL-_____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

PLAN OF COMPROMISE AND ARRANGEMENT

AFFECTING SENIOR SECURED CLAIMS AGAINST

CANWEST (CANADA) INC.,

CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST INC.,

CANWEST BOOKS INC.,

AND

CANWEST LIMITED PARTNERSHIP / CANWEST SOCIÉTÉ EN COMMANDITE

January 8, 2010

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PLAN OF COMPROMISE AND ARRANGEMENT
AFFECTING SENIOR SECURED CLAIMS AGAINST
CANWEST (CANADA) INC.,
CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST INC.,
CANWEST BOOKS INC.,
AND CANWEST LIMITED PARTNERSHIP / CANWEST SOCIÉTÉ EN
COMMANDITE

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

- (1) *Acceleration Notice and Direction* has the meaning given to such term in the Collateral Agency Agreement;
- (2) *Accepted Senior Voting Claims* has the meaning given to such term in the Initial Order;
- (3) *Acquireco* means 7272049 Canada Inc., a corporation incorporated pursuant to the CBCA for the purpose of acquiring the Acquired Assets pursuant to the Acquisition and Assumption Agreement and this Plan;
- (4) *Acquireco Capitalization Term Sheet* means the confidential Summary of Terms and Conditions for the Initial Capitalization of Acquireco that is posted as of the Filing Date on the IntraLinks site established by the Administrative Agent solely for that purpose for the Senior Lenders or otherwise made available to certain of the Senior Lenders, as it may be amended from time to time in accordance with the provisions hereof;
- (5) *Acquireco Debt* means debt to be issued by Acquireco in partial consideration for the exchange of the Senior Secured Claims in accordance with the terms of the Plan and the Acquireco Capitalization Term Sheet;
- (6) *Acquireco Equity* means, collectively, the Class C Common Shares, the Class NC Common Shares and the Class Z Common Shares to be issued by Acquireco in partial consideration for the exchange of the Senior Secured Claims in accordance with the terms of the Plan and the Acquireco Capitalization Term Sheet;

- (7) **Acquired Assets** means the assets or property of or used by or in the possession or control of the LP Entities to be acquired by Acquireco pursuant to the Acquisition and Assumption Agreement and this Plan;
- (8) **Acquisition and Assumption Agreement** means the Acquisition and Assumption Agreement between Acquireco and the LP Entities in the form attached as Schedule “1.1(8)”, as it may be amended from time to time in accordance with the provisions hereof;
- (9) **Administrative Agent** means The Bank of Nova Scotia or any successor in its capacity as Administrative Agent for the Senior Lenders under the Senior Credit Agreement;
- (10) **Administrative Agent Claims** means Claims of the Administrative Agent arising under the Senior Credit Agreement in such capacity rather than in its capacity as a Senior Lender, including Recoverable Expenses and other Claims;
- (11) **Applicants** means Canwest GP, CPI and Canwest Books;
- (12) **BIA** means the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended from time to time;
- (13) **Business Day** means a day on which banks are open for business in Toronto and Winnipeg, but does not include a Saturday, Sunday or a holiday in either the Province of Ontario or the Province of Manitoba;
- (14) **Canadian Dollars** means lawful currency of Canada;
- (15) **Canadian Person** means (i) a Canadian citizen, (ii) a corporation incorporated under the laws of Canada or a province a class of shares of which is listed on a Canadian stock exchange, (iii) any other corporation incorporated under the laws of Canada or a province that certifies to Acquireco it is at least 75% owned and controlled by one or more Persons listed in (i), (ii), and (iv) to (x) of this Section 1.1(15) (either directly or indirectly through one or more partnerships or corporations incorporated under the laws of Canada or a province), (iv) a RRSP; (v) a RRIF, (vi) a Canadian registered pension plan, (vii) a mutual fund trust, (viii) any other trust that certifies to Acquireco each of its beneficiaries is (a) a Person listed in (i) to (vii), (ix) or (x) of this Section 1.1(15) or (b) a trust each of the beneficiaries of which is a Person listed in (i) to (vii), (ix) or (x) of this Section 1.1(15), (ix) Her Majesty in right of Canada or a province, or a municipality in Canada, and (x) a Person that falls within such other categories of Persons, if any, as may be designated from time to time by the Board of Acquireco, in each case as will be more specifically set out in the share attributes of the Class C Common Shares and the Class NC Common Shares, but shall not include a Person whose ownership of voting shares of Acquireco the Board of Acquireco reasonably determines could contribute to adverse consequences to customers (including advertisers in newspapers) of Acquireco under section 19 of the ITA (or legislation enacted in lieu of section 19, if applicable);
- (16) **Canwest Books** means Canwest Books Inc., a corporation existing pursuant to the CBCA;

- (17) **Canwest Books Assets** means all assets or property of or used by or in the possession or control of Canwest Books immediately before the closing of the Intercompany Transfers;
- (18) **Canwest GP** means Canwest (Canada) Inc., a corporation existing pursuant to the CBCA;
- (19) **Canwest GP Assets** means all assets or property of or used by or in the possession or control of Canwest GP immediately before the closing of the Intercompany Transfers, other than the partnership interest of Canwest GP in CLP and the special voting shares of CPI;
- (20) **Cash Management Claims** means Claims of The Bank of Nova Scotia arising under or pursuant to any agreement or other arrangements relating to the provision of cash management services to any of the LP Entities (including ordinary course spot foreign exchange transactions);
- (21) **Cash Reserve** means a cash reserve in a maximum amount to be agreed by the Monitor, the LP Entities and Acquireco or determined pursuant to an Order, which reserve shall be established by the Monitor as a segregated account held in trust by the Monitor for the benefit of Persons entitled to be paid the Cash Reserve Costs and Acquireco out of the LP Plan Entity Cash and Cash Equivalents in accordance with the Plan for the purpose of paying the Cash Reserve Costs in accordance with the Plan and the Cash Reserve Order;
- (22) **Cash Reserve Account** means an account established by the Monitor in trust pursuant to the Cash Reserve Order;
- (23) **Cash Reserve Costs** means specified administrative claims and costs outstanding on the Credit Acquisition Plan Implementation Date (or to the extent expressly provided below arising thereafter) falling within one or more of the following categories (i) amounts secured by the administration charge or the directors' and officers' charge (including for greater certainty claims for wages indirectly secured by the directors' and officers' charge that accrue during the period between the date of the Credit Acquisition Sanction Order and the Credit Acquisition Plan Implementation Date) or financial advisor charge granted by the Court including, in the case of the Monitor, the reasonable fees and costs of the Monitor with respect to the performance of its duties and obligations required under the Plan and any Order issued before the Credit Acquisition Plan Implementation Date to be performed by the Monitor after the Credit Acquisition Plan Implementation Date, (ii) Government Priority Claims, (iii) any portion of pre-filing vacation pay that is not part of Employee Priority Claims, (iv) Pension Priority Claims, (v) Trustee Fees and Costs, and (vi) Post-Filing Trade Payables, in each case to the extent not paid by the LP Entities on or before the implementation of the Plan or to the extent Acquireco so elects as permitted by the Plan (including pursuant to the Acquisition and Assumption Agreement), assumed by Acquireco on the Credit Acquisition Plan Implementation Date;
- (24) **Cash Reserve Order** means an Order of the Court to be made in these proceedings that will set out the amount of the Cash Reserve and the process for the administration of the Cash Reserve by the Monitor;
- (25) **CBCA** means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended from time to time;

- (26) **CCAA** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended from time to time;
- (27) **Claims** means any right of any Person against any of the LP Entities in connection with any indebtedness, liability or obligation of any kind of such LP Plan Entity owed to such Person and any interest accrued thereon or costs or other amounts payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, and for greater certainty, includes any claim that would have been provable if the LP Entities had become bankrupt on the Filing Date;
- (28) **Class** means the Senior Secured Claims designated as a Class in Article 4 of this Plan;
- (29) **Class C Common Shares** means voting common shares in the capital of Acquireco, which shares shall have the identical share attributes as the Class NC Common Shares and Class Z Common Shares except that the Class C Common Shares (i) shall have no restraints on the maximum aggregate voting rights for the election of directors of Acquireco or otherwise, (ii) shall be permitted to be convertible at the election of the Holder of such shares into Class Z Common Shares, and (iii) to the extent acquired or held by a Person that is not a Canadian Person, shall automatically convert to Class NC Common Shares on a one-for-one basis without any action by such Person;
- (30) **Class NC Common Shares** means voting common shares in the capital of Acquireco, which shares shall have the identical share attributes as the Class C Common Shares and Class Z Common Shares except that the Class NC Common Shares shall (i) have at all times in the aggregate not more than 49.9% of the aggregate voting rights for the election of directors of Acquireco or otherwise, (ii) be permitted to be convertible at the election of the Holder of such shares into Class Z Common Shares, and (iii) to the extent acquired or held by a Person that is a Canadian Person, shall automatically convert to Class C Common Shares on a one-for-one basis without any action by such Person;
- (31) **Class Z Common Shares** means non-voting common shares in the capital of Acquireco, which shares shall have the identical share attributes as the Class C Common Shares and Class NC Common Shares except that the Class Z Common Shares shall (i) not have at any time any voting rights except as otherwise provided under applicable law, and (ii) be convertible at the election of the Holder of a Class Z Common Share on a one-for-one basis into Class C Common Shares or Class NC Common Shares, as applicable;
- (32) **CLP** means Canwest Limited Partnership / Canwest Societe en Commandite, a limited partnership pursuant to the Limited Partnerships Act (Ontario);
- (33) **CLP Assets** means all assets or property of or used by or in the possession or control of CLP immediately before the closing of the Intercompany Transfers, other than the common shares of CPI and the CPI Debt;

- (34) **CLP Subrogated Debt** means indebtedness owing by CLP to CPI as a result of the closing of the Credit Acquisition in a principal amount equal to the aggregate of the Unpaid Interest and Recoverable Expenses paid by CPI on the Plan Implementation Date plus the Reference Amount;
- (35) **Collateral Agency Agreement** means the Amended and Restated Intercreditor and Collateral Agency Agreement dated as of July 10, 2007 between CanWest MediaWorks Limited Partnership (now CLP), the persons from time to time parties thereto as guarantors, the Collateral Agent, and the persons from time to time party thereto as secured creditors, as amended from time to time;
- (36) **Collateral Agent** means the CIBC Mellon Trust Company or any successor agent for the creditors under the Collateral Agency Agreement;
- (37) **Court** means the Ontario Superior Court of Justice (Commercial List);
- (38) **CPI** means Canwest Publishing Inc. / Publications Canwest Inc., a corporation existing pursuant to the CBCA;
- (39) **CPI Debt** means the 11% notes owing by CPI to CLP with an aggregate principal amount of \$2,250,000,000;
- (40) **CPI Guarantee** means the Omnibus Guarantee executed on July 10, 2007 by CPI and all of the Guarantors (as that term is defined in the Omnibus Guarantee), in favour of the Administrative Agent on behalf of itself and the other Senior Lenders;
- (41) **Credit Acquisition** has the meaning given to such term in Section 8.4;
- (42) **Credit Acquisition Plan Implementation Date** means the date on which all of the conditions precedent to the implementation of the Credit Acquisition set out in Section 8.2 have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by a certificate to that effect filed with the Court by the Monitor;
- (43) **Credit Acquisition Sanction Order** means an Order substantially in the form attached as Schedule 1.1(43)(i) approving the transactions contemplated in the Acquisition and Assumption Agreement, (ii) sanctioning this Plan pursuant to the provisions of the CCAA, (iii) vesting in CPI all of the right, title and interest in and to the Canwest Books Assets, Canwest GP Assets and CLP Assets, (iv) vesting in Acquireco all right, title and interest in and to the Senior Secured Claims and the Senior Security, (v) vesting in Acquireco all right, title and interest in and to the Acquired Assets, and (vi) vesting in Acquireco any amounts in the Cash Reserve Account that are not used by the Monitor to pay Cash Reserve Costs in accordance with the Cash Reserve Order, as such Order may be amended or modified by the Court from time to time on notice to the Senior Lenders;
- (44) **Credit Acquisition Sanction Order Date** means the date on which the Credit Acquisition Sanction Order is made by the Court;

- (45) **Credit Acquisition Sanction Order Trigger Date** means the earliest to occur of the following events: (i) the determination that the SISP will not proceed to Phase 2, (ii) the determination by the Monitor in accordance with the SISP that it will be unable to obtain a Successful Bid by the Phase 2 Bid Deadline, (iii) no Qualified Bid is received by the Phase 2 Bid Deadline that constitutes a Superior Offer, and (iv) no Superior Offer results in the completion of a transaction on or before the date that is sixty days following the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP);
- (46) **Creditor** means any Person having a Claim and where the context requires, includes the assignee of a Claim or a trustee in bankruptcy, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of or through such Person;
- (47) **Demand** has the meaning given to it in Section 8.4(k);
- (48) **DIP Claims** means all Claims of the DIP Lenders arising under or in connection with the DIP Loan;
- (49) **DIP Loan** means a \$25,000,000 senior secured super-priority debtor-in-possession credit financing approved by the Court pursuant to the Initial Order;
- (50) **DIP Lenders** means the lenders party to the DIP Loan from time to time;
- (51) **Discount Amount** means \$25,000,000;
- (52) **Employee Priority Claims** has the meaning given to it in Section 3.1(e);
- (53) **Encumbrance** means security interests, hypothecs, mortgages, trusts or deemed trusts, liens, executions, levies, charges, or other financial or monetary claims, in each case whether or not they have attached or been perfected, registered or filed, whether secured, unsecured or otherwise and whether contractual, statutory, or otherwise;
- (54) **Filing Date** means the date on which the Initial Order is made;
- (55) **Final Determination Date** means the date upon which with respect to all Unresolved Senior Claims it has been determined in accordance with the procedures set forth in the Initial Order and the Credit Acquisition Sanction Order whether or not such Unresolved Senior Claims are Proven Senior Secured Claims;
- (56) **Final Order** means in respect of any Order, such Order after (i) the expiry of applicable appeal periods; or (ii) in the event of an appeal or application for leave to appeal or to stay, vary, supersede, set aside or vacate such Order, final determination of such appeal or application by the applicable court or appellate tribunal;
- (57) **Government Priority Claims** has the meaning given to it in Section 3.1(d);
- (58) **Hedging Agreements** means the interest rate, currency and commodity hedging agreements entered into between a LP Plan Entity and one or more Senior Lenders, in respect of

which such LP Plan Entity's obligations are secured *pari passu* with the obligations under the Senior Credit Agreement;

(59) **Holder** means, in respect of a share of Acquireco Equity, the Person that beneficially owns such share;

(60) **Implementation Senior Secured Claim Amount** means a Proven Senior Secured Claim of a Senior Lender plus any Unpaid Interest that is not paid on the Plan Implementation Date pursuant to Section 8.4(c) less any repayments of Principal and Other Amounts received by such Senior Lender on such Proven Senior Secured Claim after the Filing Date as determined in accordance with Section 7.4;

(61) **Indemnitees** means each of the Senior Lenders, each individual, corporation or other entity that was at any time a Senior Lender, each member and former member of the Steering Committee or any other committee of holders of Senior Secured Claims, the Administrative Agent, the DIP Lenders, Acquireco and the Collateral Agent, and their respective agents, affiliates, directors, officers, employees, and representatives, including counsel and its financial advisor;

(62) **Initial Order** means the initial Order in these proceedings;

(63) **Intercompany Transfers** has the meaning given to it in Section 8.3;

(64) **ITA** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);

(65) **LP Entities** means the Applicants and CLP;

(66) **LP Plan Entity Cash and Cash Equivalents** means all cash, certificates of deposits, bank deposits, commercial paper, treasury bills and other cash equivalents of the LP Entities on the Credit Acquisition Plan Implementation Date;

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

(68) **Order** means any order of the Court;

(69) **Other Amounts** means any amounts owing as of the Sanction Order Date to the Senior Lenders under the Senior Credit Agreement or Hedging Agreements other than on account of Principal, Unpaid Interest or Administrative Agent Claims;

(70) **Pension Priority Claims** has the meaning given to it in Section 3.1(f);

(71) **Permitted Encumbrances** means the permitted encumbrances set out in the Acquisition and Assumption Agreement;

(72) **Person** means any natural person, sole proprietorship, partnership, limited partnership, corporation, trust, joint venture, governmental authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature;

- (73) **Phase 1** means the first phase of the SISP;
- (74) **Phase 2** means the second phase, if any, of the SISP;
- (75) **Phase 2 Bid Deadline** has the meaning given to it in the SISP;
- (76) **PID Cash Deficiency** has the meaning given to it in Section 8.4(d);
- (77) **Plan** means this Plan of Compromise and Arrangement, as varied, amended, modified or supplemented in accordance with the provisions hereof;
- (78) **Plan Implementation Date** means the Credit Acquisition Plan Implementation Date or the Superior Cash Offer Plan Implementation Date, whichever occurs;
- (79) **Post-Filing Trade Payables** means trade payables which the Monitor determines, and either the Administrative Agent acting in consultation with the Steering Committee agrees or the Court by Order confirms, were incurred by the LP Entities entirely (i) after the Filing Date and before the Plan Implementation Date, (ii) in the ordinary course of business, and (iii) in compliance with the Initial Order and other Orders in these proceedings;
- (80) **Principal** means, in the case of the Senior Credit Agreement any principal amounts owing to the Senior Lenders pursuant to the terms thereof, and, in the case of any Hedging Agreement, the net amount that became payable by an LP Plan Entity to the applicable Senior Lender on the date of termination of such Hedging Agreement by reason of the termination of such Hedging Agreement on or about June 1, 2009, and does not include Other Amounts;
- (81) **Prior Ranking Secured Claim** means a Secured Claim that exists on both the Filing Date and the Plan Implementation Date and that would have ranked senior in priority to the Senior Secured Claims if the LP Entities had become bankrupt on the Filing Date excluding for greater certainty Claims secured by Court-ordered charges;
- (82) **Pro Rata Share** means, in respect of any Senior Lender, the ratio determined on the Credit Acquisition Plan Implementation Date by the following formula:
- $$\text{Pro Rata Share} = \frac{\text{Implementation Senior Secured Claim Amount of such Senior Lender}}{\text{aggregate amount of all Implementation Senior Secured Claim Amounts of all Senior Lenders plus the Unresolved Amount;}}$$
- (83) **Proven Other Amounts Claim** means Other Amounts or the portion thereof, with respect to which all issues concerning the validity, amount and status have been determined in favour of the applicable Senior Lender in accordance with the Sanction Order with any dispute or appeal rights either having been exhausted or the applicable time period for the exercise thereof having expired;
- (84) **Proven Principal Claim** means the Principal amount as of the Filing Date of a Senior Secured Claim or the portion thereof, with respect to which all issues concerning the validity, amount and status have been determined in favour of the applicable Senior Lender in accordance

with the Initial Order with any dispute or appeal rights either having been exhausted or the applicable time period for the exercise thereof having expired;

(85) ***Proven Senior Secured Claim*** means collectively, a Senior Lender's Proven Principal Claim and its Proven Other Amounts Claim;

(86) ***Qualified Bid*** has the meaning given to such term in the SISP;

(87) ***Recoverable Expenses*** means all recoverable fees, expenses and costs incurred by the Administrative Agent, both prior to and after the date of the Initial Order, which CLP has agreed to reimburse under the terms of the Senior Credit Agreement (including for greater certainty recoverable fees, expenses and costs provided for in the Support Agreement), including the reasonable fees, expenses and costs of the legal, financial and other advisors to the Administrative Agent, reasonable costs of conducting the search for directors of Acquireco, and, following the approval of this Plan by the Senior Lenders, investment banking advice relating to the equity of Acquireco;

(88) ***Reference Amount*** means the aggregate amount of the Senior Secured Claims calculated as of the Plan Implementation Date minus the Discount Amount; for greater certainty, in the case of the Credit Acquisition, such calculation shall be made after crediting any payments of Unpaid Interest and Administrative Agent Claims paid by CPI on the Credit Acquisition Plan Implementation Date pursuant to the Plan and the Acquisition and Assumption Agreement;

(89) ***Sanction Order*** means the Credit Acquisition Sanction Order or the Superior Cash Offer Sanction Order, whichever is made;

(90) ***Sanction Order Date*** means the date on which the Sanction Order is made;

(91) ***Secured Claims*** means Claims that have the benefit of a valid and enforceable security interest in, mortgage or charge over (including the charges granted by the Court pursuant to the Initial Order), lien against or other similar interest in, any of the assets that the LP Entities own or to which the LP Entities are entitled, to the extent of the realizable value of the property subject to such security, but for greater certainty does not include Government Priority Claims, Employee Priority Claims or Pension Priority Claims;

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

(93) ***Senior Lender*** means any Creditor having a Senior Secured Claim;

(94) ***Senior Lenders Meeting*** means a meeting of the Senior Lenders called for the purpose of considering and voting in respect of this Plan;

(95) ***Senior Lenders Meeting Date*** means the date on which the Senior Lenders Meeting is held or to which the same may be adjourned in accordance with the Initial Order;

- (96) **Senior Secured Claims** means Claims of the Senior Lenders arising under the Senior Credit Agreement or a Hedging Agreement, in each case calculated based on the deemed conversion of claims denominated in US Dollars to Canadian Dollars on the Filing Date, including for Principal, Unpaid Interest, Other Amounts and Administrative Agent Claims but, for greater certainty, does not include any Cash Management Claims;
- (97) **Senior Security** means the security granted by the LP Entities in favour of the Collateral Agent to secure the payment and performance of, among other things, the LP Entities' liabilities, indebtedness and obligations to the Senior Lenders under the Senior Credit Agreement and the Hedging Agreements;
- (98) **SISP** means the "SISP" as such term is defined in the Initial Order;
- (99) **Steering Committee** means the steering committee of Senior Lenders formed by the Administrative Agent, as composed from time to time;
- (100) **Successful Bid** has the meaning given to such term in the SISP;
- (101) **Superior Alternative Offer** has the meaning given to such term in the SISP;
- (102) **Superior Cash Offer** has the meaning given to such term in the Initial SISP;
- (103) **Superior Cash Offer Plan Implementation Date** means the date on which all conditions precedent to the implementation of a Superior Cash Offer Transaction set out in Section 9.2 have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by a certificate to that effect filed with the Court by the Monitor;
- (104) **Superior Cash Offer Sanction Order** means an Order in form and substance satisfactory to the Administrative Agent, acting in consultation with the Steering Committee, *inter alia*, (i) approving the Superior Cash Offer Transaction, (ii) sanctioning this Plan pursuant to the provisions of the CCAA, and (iii) approving the distribution to and acceptance by the Senior Lenders of the Reference Amount calculated as of the Plan Implementation Date in full and final satisfaction of the Senior Secured Claims;
- (105) **Superior Cash Offer Sanction Order Date** means the date on which the Superior Cash Offer Sanction Order is made by the Court;
- (106) **Superior Cash Offer Transaction** means a transaction or series of transactions contemplated by a Superior Cash Offer;
- (107) **Superior Offer** has the meaning given to such term in the SISP;
- (108) **Superior Offer Transaction** means a transaction or series of transactions contemplated by a Superior Offer;
- (109) **Support Agreement** means the LP support agreement among the LP Entities and the Administrative Agent with respect to the principal terms and conditions of this Plan and the Credit Acquisition;

- (110) *Tag Along Notice* has the meaning given to such term in the Collateral Agency Agreement;
- (111) *Trustee Fees and Costs* means the fees and costs of any Trustee in Bankruptcy that may be appointed in respect of any of the LP Entities upon or following the implementation of the Plan up to a maximum amount of \$150,000 incurred on or before the first meeting of creditors and/or in connection with the final completion of the estate and, for greater certainty, do not include any fees and costs incurred by any Trustee in Bankruptcy in relation to the investigation or pursuit of claims or remedies pursuant to sections 95 to 101 of the BIA or any similar claims under any applicable law;
- (112) *Unaffected Claims* has the meaning given to such term in Section 3.1;
- (113) *Unpaid Interest* means unpaid interest on the Principal amount and Other Amounts of a Proven Senior Secured Claim from time to time;
- (114) *Unresolved Amount* means the aggregate amount as of the Credit Acquisition Plan Implementation Date of the Principal amounts and Other Amounts of the Unresolved Senior Claims;
- (115) *Unresolved Senior Claim* has the meaning given to such term in the Initial Order;
- (116) *Unresolved Senior Claims Reserve* means a reserve of (i) in the case of the Credit Acquisition, Acquireco Debt, Acquireco Equity and cash, and (ii) in the case of a Superior Cash Offer Transaction, cash proceeds of such Superior Cash Offer Transaction, in either case to be established by the Monitor pursuant to the Plan for the purpose of making distributions on account of Senior Secured Claims that are Unresolved Senior Claims on the Plan Implementation Date and that subsequently become Proven Senior Secured Claims;
- (117) *Unsecured Claims* means all Claims other than Secured Claims and includes the Claims of holders of Secured Claims (other than Senior Secured Claims) to the extent such Claims exceed the realizable value of the property subject to such security; and
- (118) *US Dollars* means lawful currency of the United States of America.

Section 1.2 Articles and Sections

The terms “this Plan”, “hereof”, “hereunder”, “herein” and similar expressions refer to this Plan and not to any particular article, section, subsection, clause or paragraph or schedule of this Plan and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph or schedule shall, unless otherwise stated, refer to an article, section, subsection, clause or paragraph or schedule of this Plan.

Section 1.3 Extended Meanings

In this Plan, where the context requires, a word importing the singular number shall include the plural and vice versa; and a word or words importing gender shall include all

genders. The terms “including”, “includes” and other similar terms mean “including without limitation”.

Section 1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, clauses and paragraphs and the insertion of a table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

Section 1.5 Date for any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.6 Calculation of Time

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

Section 1.7 Time

All times expressed herein are local time in Toronto, Ontario unless otherwise stipulated herein.

Section 1.8 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

Section 1.9 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person bound by this Plan.

Section 1.10 Governing Law

This Plan and each of the documents contemplated by or delivered under or in connection with this Plan are governed by, and are to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

Section 1.11 Severability

If any provision of this Plan is or becomes illegal, invalid or unenforceable on or following the Plan Implementation Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Plan; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

Section 1.12 Schedules

The following are the Schedules to this Plan which are incorporated by reference and deemed to be a part of this Plan:

Schedule “1.1(8)” – Form of Acquisition and Assumption Agreement

Schedule “1.1(43)” – Form of Credit Acquisition Sanction Order

ARTICLE 2 – BACKGROUND AND PURPOSE OF PLAN**Section 2.1 Purpose and Effect of Plan**

The purpose of this Plan is to effect a compromise and arrangement of the Senior Secured Claims against the LP Entities and implement the Credit Acquisition or a Superior Cash Offer Transaction, as applicable.

Section 2.2 Persons Affected

On the Plan Implementation Date, this Plan will become effective and be binding on the LP Entities and the Senior Lenders, and for greater certainty shall not affect Unaffected Claims.

ARTICLE 3 – TREATMENT OF UNAFFECTED CLAIMS**Section 3.1 Claims Unaffected by the Plan**

Notwithstanding any other provision hereof, this Plan does not compromise or affect any Claims other than the Senior Secured Claims, which other Claims are referred to herein collectively as “**Unaffected Claims**” and, for greater certainty, include:

- (a) Secured Claims (other than the Senior Secured Claims), including DIP Claims;
- (b) Unsecured Claims;
- (c) Cash Management Claims;
- (d) claims of government entities as follows (collectively, “**Government Priority Claims**”):

- (i) claims by Her Majesty in Right of Canada pursuant to subsections 224(1.2) and 224(1.3) of the ITA;
- (ii) claims pursuant to any provision of the *Canada Pension Plan* or the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or employee's premium or employer's premium as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts;
- (iii) claims pursuant to any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA, or
 - (B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (e) claims of employees as follows (collectively, "**Employee Priority Claims**"):
 - (i) amounts equal to the amounts that employees and former employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the LP Entities had become bankrupt on the Filing Date; and
 - (ii) claims for wages, salaries, commissions or compensation for services rendered after the Filing Date and before the Credit Acquisition Sanction Order Date or the Superior Cash Offer Sanction Order Date, whichever occurs, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the company's business during the same period;
- (f) claims for the payment of any of the following amounts that, in respect of the period up to the Plan Implementation Date are due and remain unpaid to the funds established in respect of CCAA prescribed pension plans of the LP Entities (collectively, the "**Pension Priority Claims**"):
 - (i) an amount equal to the sum of all amounts that were deducted from the employees' remuneration for payment to such funds;

- (ii) if any of the CCAA prescribed pension plans is regulated by an Act of Parliament:
 - (A) an amount equal to the normal cost, within the meaning of subsection 2(1) of the Pension Benefits Standards Regulations, 1985, that was required to be paid by the employer to the fund; and
 - (B) an amount equal to the sum of all amounts that were required to be paid by the employer to the fund under a defined contribution provision, within the meaning of subsection 2(1) of the *Pension Benefits Standards Act, 1985*, and
- (iii) in the case of any other CCAA prescribed pension plan:
 - (A) an amount equal to the amount that would be the normal cost, within the meaning of subsection 2(1) of the *Pension Benefits Standards Regulations, 1985*, that the employer would be required to pay to the fund if the prescribed plan were regulated by an Act of Parliament; and
 - (B) an amount equal to the sum of all amounts that would have been required to be paid by the employer to the fund under a defined contribution provision, within the meaning of subsection 2(1) of the *Pension Benefits Standards Act, 1985*, if the prescribed plan were regulated by an Act of Parliament; and
- (g) claims for any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offence and any interest owed in relation thereto.

Section 3.2 No Vote or Distribution in Respect of Unaffected Claims

Under this Plan, no holder of an Unaffected Claim shall be entitled to vote on or receive any distribution in respect of such Unaffected Claim.

ARTICLE 4 – CLASSIFICATION OF CLAIMS

Section 4.1 Classification of Claims

For the purpose of considering and voting upon this Plan and any entitlement to receive distributions hereunder, there shall be one Class of Senior Lenders consisting of all of the Senior Lenders and each Senior Lender shall, to the extent herein provided and subject to Section 6.1, be entitled to vote upon the Plan as part of that Class in respect of its Senior Secured Claim in accordance with the Initial Order.

ARTICLE 5 – TREATMENT OF UNAFFECTED CREDITORS

Section 5.1 Payment of DIP Lenders

The DIP Claims shall be repaid in full by the LP Entities to the DIP Lenders on the Plan Implementation Date, or subject to obtaining the prior written consent of the DIP Lenders (i) in the case of the Credit Acquisition, assumed by Acquireco in accordance with the Acquisition and Assumption Agreement, or (ii) in the case of a Superior Cash Offer Transaction, otherwise dealt with in accordance with that consent.

Section 5.2 Government Priority Claims

(1) In the case of a Credit Acquisition, the Government Priority Claims shall at the election of Acquireco either be (i) paid by the LP Entities on or before the Credit Acquisition Plan Implementation Date, (ii) assumed by Acquireco on behalf of the applicable LP Entities on the Credit Acquisition Plan Implementation Date, or (iii) paid in full by the Monitor from the Cash Reserve to Her Majesty in right of Canada or the applicable province when due and, in any event, within six months after the Credit Acquisition Sanction Order Date.

(2) In the case of a Superior Cash Offer Transaction, the Government Priority Claims shall either be (i) paid by the LP Entities on or before the Plan Implementation Date, or (ii) other arrangements satisfactory to the Court shall be made for the payment in full of the Government Priority Claims to Her Majesty in right of Canada or the applicable province when due and, in any event, within six months after the Superior Cash Offer Sanction Order Date.

Section 5.3 Employee Priority Claims

(1) In the case of a Credit Acquisition, at the election of Acquireco Employee Priority Claims shall either be (i) paid by the LP Entities on or before the Credit Acquisition Sanction Order Date, or (ii) paid immediately after the Credit Acquisition Sanction Order Date from funds set aside for that purpose on terms satisfactory to the Court on or before such date.

(2) In the case of a Superior Cash Offer Transaction, the Employee Priority Claims shall either be (i) paid by the LP Entities on or before the Superior Cash Offer Sanction Order Date, or (ii) paid immediately after the Superior Cash Offer Sanction Order Date from funds set aside for that purpose on terms satisfactory to the Court on or before such date.

Section 5.4 Pension Priority Claims

(1) In the case of a Credit Acquisition, at the election of Acquireco either (i) Pension Priority Claims shall be paid by the LP Entities on or before the Credit Acquisition Plan Implementation Date, (ii) assumed by Acquireco on behalf of the applicable LP Entities on the Credit Acquisition Plan Implementation Date, (iii) paid in full by the Monitor from the Cash Reserve on or following the Credit Acquisition Plan Implementation Date, or (iv) other arrangements satisfactory to the Court shall be made for payment in full of the Pension Priority Claims on or following the Credit Acquisition Plan Implementation Date.

(2) In the case of a Superior Cash Offer Transaction, either Pension Priority Claims shall either be paid (i) by the LP Entities on or before the Superior Cash Offer Plan Implementation Date, or (ii) immediately after the Superior Cash Offer Plan Implementation Date from funds set aside for that purpose on terms satisfactory to the Court on or before such date.

Section 5.5 Prior Ranking Secured Claims

(1) In the case of a Credit Acquisition, at the election of Acquireco either (i) Prior Ranking Secured Claims shall be paid by the LP Entities on or before the Credit Acquisition Plan Implementation Date, (ii) Prior Ranking Secured Claims shall be assumed by Acquireco on behalf of the applicable LP Entities on the Credit Acquisition Plan Implementation Date, or (iii) arrangements satisfactory to the Court shall be made for the property subject to security in respect of such Prior Ranking Secured Claim to be released to the holder of such Prior Ranking Secured Claim on or after the Plan Implementation Date.

(2) In the case of a Superior Cash Offer Transaction, either (i) Prior Ranking Secured Claims shall be paid by the LP Entities on or before the Superior Cash Offer Plan Implementation Date, (ii) the property subject to security in respect of such Prior Ranking Secured Claim shall be released to the holder of such Prior Ranking Secured Claim on or after the Plan Implementation Date, or (iii) other arrangements satisfactory to the Court shall be made for the payment of the Prior Ranking Secured Claims.

Section 5.6 Cash Management Claims

(1) In the case of a Credit Acquisition, at the election of Acquireco either (i) Cash Management Claims shall be assumed by Acquireco on behalf of the applicable LP Entities, or (ii) other arrangements satisfactory to the Administrative Agent shall be made for the payment in full of the Cash Management Claims.

(2) In the case of a Superior Cash Offer Transaction arrangements satisfactory to the Administrative Agent shall be made for the payment in full of the Cash Management Claims on the Superior Cash Offer Plan Implementation Date.

ARTICLE 6 – TREATMENT OF SENIOR LENDERS

Section 6.1 Voting

Each Senior Lender shall be entitled to vote to the extent that its Senior Secured Claim is an Accepted Senior Voting Claim on the second Business Day immediately prior to the date of the Senior Lenders Meeting. Voting in respect of Unresolved Senior Claims shall be dealt with in accordance with the Initial Order. Notwithstanding any other provision of this Plan, none of the LP Entities shall be entitled to vote on this Plan.

Section 6.2 Additional Matters

In conjunction with the holding of the Senior Lenders Meeting, the Senior Lenders will also vote on an amendment to the Senior Credit Agreement whereby any transferee in respect of

any transfer of a Senior Secured Claim recorded in the Administrative Agent's records after a favourable vote under Section 6.1 shall be bound by such favourable vote and in particular, shall not be entitled to oppose an application for the Sanction Order made in accordance with the terms hereof. On the Credit Acquisition Plan Implementation Date, the Senior Credit Agreement shall be deemed to be amended such that no Other Amounts shall accrue thereunder after the Credit Acquisition Sanction Order Date.

Section 6.3 Exchange of Senior Secured Claims

Subject to Section 6.5, on and after the Credit Acquisition Plan Implementation Date, each Senior Lender shall be entitled to receive Acquireco Debt and Acquireco Equity in accordance with the Acquireco Capitalization Term Sheet on account of its Proven Senior Secured Claim in accordance with Section 8.4(g), with Unpaid Interest either paid on the Plan Implementation Date or assumed by Acquireco pursuant to the terms hereof.

Section 6.4 Repayment of Senior Secured Claims

On and after the Superior Cash Offer Plan Implementation Date, each Senior Lender shall be entitled to receive its Pro Rata Share of the Reference Amount in repayment of its Senior Secured Claim in accordance with Section 9.3.

Section 6.5 Unresolved Senior Claims Reserve

- (1) The Monitor shall establish the Unresolved Senior Claims Reserve on the Plan Implementation Date.
- (2) In the case of a Credit Acquisition:
 - (a) the Unresolved Senior Claims Reserve shall be comprised of Acquireco Debt, Acquireco Equity and cash reserved out of the LP Entity Cash and Cash Equivalents;
 - (b) the aggregate value of the Acquireco Debt and Acquireco Equity to be included in the Unresolved Senior Claims Reserve shall be equal to the value of Acquireco Debt and Acquireco Equity that would have been distributed in respect of the Unresolved Senior Claims if the full amounts of such Unresolved Senior Claims were Proven Senior Secured Claims on the Credit Acquisition Plan Implementation Date;
 - (c) the aggregate amount of the cash to be included in the Unresolved Senior Claims Reserve shall be equal to the amount of all Unpaid Interest on Unresolved Senior Claims as of the Credit Acquisition Plan Implementation Date that would have been paid to the Senior Lenders holding such Unresolved Senior Claims if the full amounts of such Unresolved Senior Claims were Proven Senior Secured Claims on the Credit Acquisition Plan Implementation Date;

- (d) not later than fifteen days (or such later date as may be specified by Order of the Court) following the Final Determination Date, the Monitor shall distribute from the Unresolved Senior Claims Reserve (i) to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet Acquireco Debt and Acquireco Equity in respect of any Senior Secured Claims that were Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date and that subsequently became Proven Senior Secured Claims together with any interest, dividends, distributions or other payments actually received by the Monitor on account or in respect thereof, (ii) following the distribution referred to in (i) of this Section 6.5(2)(d), any balance of Acquireco Debt and Acquireco Equity that forms part of the Unresolved Senior Claims Reserve shall be distributed to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet such that all Acquireco Debt and Acquireco Equity shall have been distributed in accordance with the Plan and the Acquireco Capitalization Term Sheet, (iii) any interest, distributions or other payments actually received by the Monitor on account or in respect of the Acquireco Debt and Acquireco Equity referred to in (ii) shall be distributed to the Persons receiving the applicable Acquireco Debt or Acquireco Equity pursuant to (ii), (iv) to the Persons entitled in accordance with the Plan and the Acquireco Capitalization Term Sheet cash in an amount equal to the aggregate amount of all Unpaid Interest on Senior Secured Claims that were Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date that subsequently became Proven Senior Secured Claims, together with any interest actually received by the Monitor on account or in respect thereof, and (v) following the distribution referred to in (iv) of this Section 6.5(2)(d), any balance of cash that forms part of the Unresolved Senior Claims Reserve together with any interest actually received by the Monitor on account or in respect thereof shall be paid to Acquireco; and
- (e) For the purposes of calculating the various distributions to made pursuant to Section 6.5(2)(d), each Senior Lender's Pro Rata Share shall be calculated as if (i) the Senior Secured Claims that became Proven Senior Secured Claims after the Credit Acquisition Plan Implementation Date were Proven Senior Secured Claims and not Unresolved Senior Claims on the Credit Acquisition Plan Implementation Date, (ii) the Unresolved Amount was zero on the Credit Acquisition Plan Implementation Date, and (iii) Unpaid Interest on Senior Secured Claims that became Proven Senior Secured Claims after the Credit Acquisition Plan Implementation Date was paid on the Credit Acquisition Plan Implementation Date.
- (3) In the case of a Superior Cash Offer Transaction:
- (a) the Unresolved Senior Claims Reserve shall be comprised of cash in the amount that would have been paid to the Senior Lenders holding Unresolved Senior Claims if the full amount of all Unresolved Senior Claims were Proven Senior Secured Claims on the Plan Implementation Date; and,

- (b) not later than fifteen days (or such later date as may be specified by Order of the Court) following the Final Determination Date, the Monitor shall distribute from the Unresolved Senior Claims Reserve cash plus any interest actually received by the Monitor on account or in respect thereof, to those Senior Lenders whose Unresolved Senior Claims are determined to be Proven Senior Secured Claims after the Plan Implementation Date, following which distribution, any balance of the cash, together with any interest actually received by the Monitor on account or in respect thereof shall be paid to the LP Entities or as otherwise directed in the Superior Cash Offer Sanction Order.

Section 6.6 Interests in and Encumbrances on Senior Secured Claims

(1) Not later than fifteen days prior to the Credit Acquisition Plan Implementation Date, each Senior Lender shall deliver to the Monitor with a copy to the Administrative Agent reasonable evidence satisfactory to the Monitor that:

- (a) such Senior Lender is the sole legal and beneficial owner of (i) any Proven Senior Secured Claim of, and any Unresolved Senior Claim asserted by, such Senior Lender, and (ii) accrued and unpaid interest relating to such Claims that such Senior Lender is entitled to claim pursuant to the Senior Credit Agreement or the applicable Hedging Agreements; and
- (b) such Senior Lender's Senior Secured Claim is not subject to any Encumbrance.

(2) In the event that any Senior Lender fails to deliver the evidence referred to in Section 6.6(1) on or before the date specified therein, the Acquireco Debt and the Acquireco Equity that would otherwise be distributed to such Senior Lender in accordance with the Acquireco Capitalization Term Sheet upon implementation of the Plan shall be held by the Monitor pending further Order.

ARTICLE 7 – QUANTIFYING CLAIMS AND PROCEDURAL MATTERS

Section 7.1 Senior Lenders Meeting

The Initial Order authorizes the holding of the Senior Lenders Meeting to be held pursuant to section 5 of the CCAA to consider and vote upon the Plan, appoints the Monitor as chair of the Senior Lenders Meeting and fixes the Senior Lenders Meeting Date. The Senior Lenders Meeting shall be held in accordance with this Plan, the Initial Order and any further Order made in these proceedings.

Section 7.2 Approval by Senior Lenders

In order that the Plan be binding on the Senior Lenders in accordance with the CCAA, it must first be accepted by vote passed by the Class as prescribed by this Plan by a majority in number of the Senior Lenders in the Class who actually vote on the Plan (whether in person or by proxy) at the Senior Lenders Meeting, representing two-thirds in amount of the Accepted

Senior Voting Claims of the Senior Lenders in the Class who actually vote on the Plan (whether in person or by proxy) at the Senior Lenders Meeting.

Section 7.3 Procedure for Quantifying Senior Secured Claims

The procedure for quantifying Senior Secured Claims and resolving disputes for the purposes of this Plan shall be as set forth in the Initial Order, as modified or supplemented by this Plan and any further Order in these proceedings.

Section 7.4 Determination of Amounts

The Implementation Senior Secured Claim Amounts (including the determination of Other Amounts and the amount of any Principal and Other Amounts repayments received after the Filing Date) and the amount of the Unpaid Interest shall be determined on or before the Plan Implementation Date either by the Administrative Agent with the approval of the Monitor or by Order.

Section 7.5 Transfer of Senior Secured Claims

(1) If, after the Filing Date, the holder of a Senior Secured Claim on the Filing Date, or any subsequent holder of the whole of a Senior Secured Claim who has been acknowledged by the Monitor as the Senior Lender in respect of such Senior Secured Claim, transfers or assigns the whole of such Senior Secured Claim to another Person, neither the Administrative Agent, the LP Entities nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Senior Secured Claim as the Senior Lender in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Administrative Agent on written notice to the Monitor and thereafter such transferee or assignee shall for the purpose hereof constitute the Senior Lender in respect of such Senior Secured Claim. Any such transferee or assignee of a Senior Secured Claim shall be bound by any notices given or steps taken in respect of such Senior Secured Claim in accordance with this Plan and the Initial Order prior to receipt and acknowledgement by the Administrative Agent of satisfactory evidence of such transfer or assignment.

(2) If, after the Filing Date, the holder of a Senior Secured Claim on the Filing Date, or any subsequent holder of the whole of a Senior Secured Claim who has been acknowledged by the Monitor as the Senior Lender in respect of such Senior Secured Claim, transfers or assigns the whole of such Senior Secured Claim to more than one Person or part of such Senior Secured Claim to another Person or Persons, such transfer or assignment shall not create a separate Senior Secured Claim or Senior Secured Claims and such Senior Secured Claim shall continue to constitute and be dealt with as a single Senior Secured Claim notwithstanding such transfer or assignment, and until the Plan is sanctioned or terminated in accordance with its terms the LP Entities, the Administrative Agent and the Monitor shall in each such case not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Senior Secured Claim only as a whole and then only to and with the Person last holding such Senior Secured Claim in whole as the Senior Lender in respect of such Senior Secured Claim, provided such Senior Lender may by notice in writing to the

Monitor direct that subsequent dealings in respect of such Senior Secured Claim, but only as a whole, shall be with a specified Person and in such event, such Senior Lender and such transferee or assignee of the Senior Secured Claim shall be bound by any notices given or steps taken in respect of such Senior Secured Claim with such Person in accordance with this Plan and the Initial Order.

ARTICLE 8 –CREDIT ACQUISITION

Section 8.1 Application for Credit Acquisition Sanction Order

In the event that this Plan is accepted by the Class in accordance with Section 7.2, on the Credit Acquisition Sanction Order Trigger Date the Applicants shall, and the Administrative Agent acting in consultation with the Steering Committee may, apply for the Credit Acquisition Sanction Order. If the Class does not approve this Plan at the Senior Lenders Meeting or any adjourned meeting, the Monitor shall report to the Court as soon as reasonably possible.

Section 8.2 Conditions Precedent to Credit Acquisition

(1) The implementation of the Credit Acquisition is conditional upon the fulfilment or satisfaction of the following conditions, on or before June 30, 2010 as such date may be extended from time to time by the Administrative Agent acting in consultation with the Steering Committee:

- (a) the Credit Acquisition Sanction Order shall have been made and be in form and substance satisfactory to the Administrative Agent, acting in consultation with the Steering Committee and shall have become a Final Order;
- (b) the Cash Reserve Order shall have been made;
- (c) there shall be outstanding no order or decree restraining or enjoining the consummation of the transactions contemplated by this Plan;
- (d) all amounts secured by charges created by the Initial Order shall have been paid by the LP Entities or assumed by Acquireco or provision acceptable to the Court therefor shall have been made by way of the Cash Reserve;
- (e) payment of the Government Priority Claims, the Pension Priority Claims and the Employee Priority Claims shall have been provided for in accordance with Section 5.2(1), Section 5.3(1) and Section 5.4(1), respectively;
- (f) the Prior Ranking Secured Claims shall have been paid, assumed or provided for in accordance with Section 5.5(1);
- (g) each condition in favour of the LP Entities pursuant to the Acquisition and Assumption Agreement shall have been fulfilled or performed or have been waived by the LP Entities;

- (h) the LP Entities shall have complied with all of their respective obligations under the Initial Order and the Support Agreement or the requirement to comply with such obligations shall have been waived by the Administrative Agent acting in consultation with the Steering Committee;
 - (i) each condition in favour of Acquireco pursuant to the Acquisition and Assumption Agreement shall have been fulfilled or performed or have been waived by Acquireco in its discretion; and
 - (j) the execution and delivery by all relevant Persons of all other documentation and the taking of all other actions necessary to give effect to all material terms and provisions of this Plan.
- (2) The conditions precedent set out in Section 8.2(1)(a), Section 8.2(1)(b), Section 8.2(1)(c), Section 8.2(1)(d) and Section 8.2(1)(f) are for the mutual benefit of the Senior Lenders and the LP Entities and may be waived in whole or in part only in writing by joint action of the Administrative Agent acting in consultation with the Steering Committee and the LP Parties.
- (3) The condition precedent set out in Section 8.2(1)(e) may not be waived.
- (4) The condition precedent set out in Section 8.2(1)(g) is for the exclusive benefit of the LP Entities and may be waived in whole or in part only in writing by the LP Entities or by Order; and
- (5) The conditions precedent set out in Section 8.2(1)(h), Section 8.2(1)(i) and Section 8.2(1)(j) are for the exclusive benefit of the Senior Lenders and may be waived in whole or in part only in writing by the Administrative Agent acting in consultation with the Steering Committee.

Section 8.3 Intercompany Transfers

Upon the satisfaction or waiver in accordance with the provisions of this Plan of all conditions precedent to the implementation of the Credit Acquisition set out in Section 8.2, the LP Entities shall enter into the transactions described below on the Credit Acquisition Plan Implementation Date (collectively, the “**Intercompany Transfers**”), prior to the implementation of the transactions described in Section 8.4:

- (a) all right, title and interest in and to the Canwest Books Assets shall vest absolutely in CPI free and clear of and from any and all Encumbrances in consideration for the issuance by CPI to Canwest Books of a non-interest bearing demand promissory note with a principal amount equal to the aggregate fair market value of the Canwest Books Assets immediately prior to the Credit Acquisition Implementation Date;
- (b) all right, title and interest in and to the Canwest GP Assets shall vest absolutely in CPI free and clear of and from any and all Encumbrances in consideration for the issuance by CPI to Canwest GP of a non-interest bearing demand promissory note

with a principal amount equal to the aggregate fair market value of the Canwest GP Assets immediately prior to the Credit Acquisition Implementation Date; and

- (c) all right, title and interest in and to the CLP Assets shall vest absolutely in CPI free and clear of and from any and all Encumbrances (other than Prior Ranking Secured Claims expressly assumed by Acquireco) and all employees of CLP will be transferred to CPI by way of notification in consideration for (i) the assumption by CPI of all Liabilities (as defined in the Acquisition and Assumption Agreement) of CLP, Canwest Books or Canwest GP immediately prior to the Credit Acquisition Implementation Date that constitute Assumed Liabilities under the Acquisition and Assumption Agreement, and (ii) the issuance of 100 common shares of CPI. CLP and CPI will file a joint election under section 85 of the ITA, and any corresponding provision of an applicable provincial taxing statute, in respect of this transfer.

Section 8.4 Credit Acquisition

Upon the satisfaction or waiver in accordance with the provisions of this Plan of all conditions precedent to the implementation of the Credit Acquisition set out in Section 8.2, Acquireco, the Senior Lenders and the LP Entities shall enter into the transactions described below (collectively, the “**Credit Acquisition**”) on the Credit Acquisition Plan Implementation Date in the same sequence that such steps appear below:

Transfer of Amounts to Monitor

- (a) CPI shall pay to the Monitor in trust in immediately available funds the amount of the Cash Reserve for deposit in the Cash Reserve Account in accordance with the Cash Reserve Order;
- (b) CPI shall pay to the Monitor in trust in immediately available funds the amount of the cash to be included in the Unresolved Senior Claims Reserve in accordance with Section 6.5(2)(c);

Payment of Unpaid Interest and Administrative Agent Claims

- (c) to the extent that there exists on the Plan Implementation Date sufficient LP Plan Entity Cash and Cash Equivalents to do so, CPI shall pay to the Administrative Agent pursuant to the CPI Guarantee, firstly, all Administrative Agent Claims and, secondly, Unpaid Interest outstanding or accrued as of the Plan Implementation Date;
- (d) in the event that there does not exist on the Plan Implementation Date sufficient LP Plan Entity Cash and Cash Equivalents to enable CPI to pay the outstanding and accrued Administrative Agent Claims and Unpaid Interest pursuant to Section 8.4(c) (such deficiency being referred to herein as the “**PID Cash Deficiency**”), the obligation to pay, firstly, to the extent necessary because of the PID Cash Deficiency Unpaid Interest and, secondly, to the extent necessary

because of the PID Cash Deficiency the Administrative Agent Claims in the amount of such PID Cash Deficiency shall be assumed by Acquireco to be paid when due;

Acquisition of Senior Secured Claims by Acquireco

- (e) each Senior Lender shall be deemed to have transferred its outstanding Senior Secured Claim net of amounts, if any, paid to such Senior Lender under the terms of the Plan on the Plan Implementation Date (for greater certainty, including Unresolved Senior Claims and excluding the Administrative Agent Claims) and Senior Security pertaining thereto to Acquireco in exchange for such Senior Lender's Pro Rata Share of the (i) Acquireco Debt, and (ii) Acquireco Equity (based on the number of shares of all three classes of shares and not of each class), each in accordance with the Acquireco Capitalization Term Sheet, whereupon Acquireco shall become the only lender under the Senior Credit Agreement and shall be the only holder of Senior Secured Claims other than Administrative Agent Claims arising after the Plan Implementation Date;
- (f) each Senior Lender shall be deemed to have transferred to Acquireco pursuant to Section 8.4(e) and Acquireco shall be deemed to have acquired from such Senior Lender such Senior Lender's outstanding Senior Secured Claim net of amounts, if any, paid to such Senior Lender under the terms of the Plan on the Plan Implementation Date (for greater certainty, including Unresolved Senior Claims and excluding the Administrative Agent Claims) and Senior Security pertaining thereto at a value equal to the aggregate amount of such outstanding Senior Secured Claim net of amounts, if any, paid to such Senior Lender under the terms of the Plan on the Plan Implementation Date, or in the case of Unresolved Senior Claims set aside in cash in the Unresolved senior Claims Reserve and subsequently paid to such Senior Lender, and Acquireco and such Senior Lender shall not make any Canadian or provincial tax filing on a basis inconsistent with this Section 8.4(f);
- (g) subject to Section 6.5 each Senior Lender's Pro Rata Share of (i) the Acquireco Debt shall be distributed on the Credit Acquisition Plan Implementation Date in accordance with the Acquireco Capitalization Term Sheet, and (ii) the Acquireco Equity (based on the number of shares of all three classes of shares and not of each class) shall be distributed on or after the Credit Acquisition Plan Implementation Date in accordance with the Acquireco Capitalization Term Sheet, together in full and final exchange for such Senior Lender's Senior Secured Claim;
- (h) all right, title and interest in and to the Senior Secured Claims transferred to Acquireco pursuant to Section 8.4(e) shall vest absolutely in Acquireco free and clear of and from any and all Encumbrances;
- (i) for the purposes of any Encumbrances on or against any Senior Lender's Senior Secured Claim that is transferred to Acquireco pursuant to Section 8.4(e), the

Acquireco Equity and the Acquireco Debt to be distributed in respect of such Senior Lender's Senior Secured Claim shall stand in the place and stead of such Senior Secured Claim, and all Encumbrances on or against such Senior Secured Claim shall attach to the interest in the Acquireco Equity and the Acquireco Debt to be distributed in respect such Senior Lender's Senior Secured Claim with the same priority as they had immediately prior to the implementation of the Plan, as if such Senior Secured Claim had not been transferred to Acquireco and had remained the property of such Senior Lender immediately prior to the implementation of the Plan;

Transfer of Unresolved Senior Claims Reserve Amounts to Monitor

- (j) Acquireco shall distribute to the Monitor Acquireco Debt and Acquireco Equity to be used by the Monitor for the purpose of establishing the Unresolved Senior Claims Reserve in accordance with Section 6.5;

Acquisition of CPI Assets/Assumption of CPI Liabilities by Acquireco

- (k) the stay of proceedings provided for in the Initial Order shall be lifted to permit Acquireco to deliver a demand to CPI in respect of CPI's obligations pursuant to the CPI Guarantee (the "**Demand**");
- (l) Acquireco shall deliver the Demand;
- (m) Acquireco shall deliver an Acceleration Notice and Direction and Tag Along Notice to the Collateral Agent;
- (n) CPI shall be deemed to have consented to the immediate enforcement by the Collateral Agent of Acquireco's security in the Acquired Assets;
- (o) the transactions contemplated by section 2.1(1) of the Acquisition and Assumption Agreement shall occur and Acquireco shall acquire the remaining Acquired Assets, in each case on the terms and in the manner contemplated by the Acquisition and Assumption Agreement;
- (p) all right, title and interest in and to the Acquired Assets acquired by Acquireco pursuant to Section 8.4(o) shall vest absolutely in Acquireco free and clear of and from any and all Encumbrances (other than Prior Ranking Secured Claims expressly assumed by Acquireco), including without limitation any amounts in the Cash Reserve Account that are not used by the Monitor in accordance with the Cash Reserve Order to pay Cash Reserve Costs ;
- (q) the other steps, actions, transactions and matters contemplated by the Acquisition and Assumption Agreement shall be taken and shall occur and be dealt with on the terms and in the manner contemplated by the Acquisition and Assumption Agreement;

- (r) all of the assets of the LP Entities that do not constitute Acquired Assets shall remain the property of the LP Entities;

Compromise of Senior Secured Claims

- (s) the Senior Secured Claims shall be deemed to have been satisfied in an amount equal to the Reference Amount;
- (t) the Senior Secured Claims in an amount equal to the Discount Amount shall constitute outstanding unsecured claims against the LP Entities and will be owned by Acquireco;
- (u) the Collateral Agent and the Administrative Agent shall be deemed to have been authorized and directed pursuant to the provisions of the Plan to irrevocably release and discharge all security interests, hypothecs, mortgages, liens and guarantees granted by the LP Entities in favour of the Collateral Agent pursuant to and in connection with the Senior Security, provided that notwithstanding such release and discharge and notwithstanding any other provision in the Plan, after the Plan Implementation Date the Senior Secured Claims shall continue to have priority over and rank senior to any Claim which by agreement, statute, operation of law or equity, or otherwise is subordinate to the Senior Secured Claims (other than the priority afforded to the Senior Secured Claims over general unsecured claims arising solely by reason of the holding of security) immediately prior to the Plan Implementation Date;

Other Matters

- (v) CLP shall be deemed to owe the CLP Subrogated Debt to CPI; and
- (w) all actions contemplated by this Plan shall be deemed authorized and approved in all respects.

Section 8.5 Acquireco Capitalization Term Sheet

The Acquireco Capitalization Term Sheet will be kept confidential unless and until any application is made for the Credit Acquisition Sanction Order.

ARTICLE 9 – SUPERIOR CASH OFFER TRANSACTION

Section 9.1 Application for Superior Cash Offer Sanction Order

In the event that this Plan is accepted by the Class in accordance with Section 7.2 and a Superior Cash Offer is received and is to be closed not later than sixty days after the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP), the Applicants shall apply for the Superior Cash Offer Sanction Order and not the Credit Acquisition Sanction Order.

Section 9.2 Conditions Precedent to Superior Cash Offer Transaction

(1) The implementation of a Superior Cash Offer Transaction is conditional upon the fulfilment or satisfaction of the following conditions within sixty days after the Phase 2 Bid Deadline, or such longer period as permitted pursuant to the SISP:

- (a) the Superior Cash Offer Sanction Order shall have been made and shall have become a Final Order;
- (b) there shall be outstanding no order or decree restraining or enjoining the confirmation of the transactions contemplated by this Plan;
- (c) the Prior Ranking Secured Claims shall have been paid, assumed or provided for in accordance with Section 5.5(2);
- (d) payment of the Government Priority Claims, the Pension Priority Claims and the Employee Priority Claims shall have been provided for in accordance with Section 5.2(2), Section 5.3(2) and Section 5.4(2) respectively;
- (e) the Administrative Agent shall have received, or escrow arrangements satisfactory to the Administrative Agent shall have been made to ensure that it receives on the Superior Cash Offer Plan Implementation Date, from or on behalf of the LP Entities in immediately available funds an amount equal to the aggregate amount of all Implementation Senior Secured Claim Amounts plus Unpaid Interest plus all Administrative Agent Claims less the Discount Amount for distribution to the Senior Lenders in indefeasible repayment in full of the Senior Secured Claims in accordance with the terms and conditions of the Senior Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement;
- (f) the Monitor shall have received, or escrow arrangements satisfactory to the Administrative Agent shall have been made to ensure that the Monitor receives, from or on behalf of the LP Entities in immediately available funds an amount equal to the amount of the Unresolved Senior Claims Reserve established in accordance with Section 6.5; and
- (g) the execution and delivery by all relevant Persons of all other documentation and the taking of all other actions necessary to give effect to all material terms and provisions of this Plan.

(2) The conditions precedent set out in Section 9.2(1)(a), Section 9.2(1)(b) and Section 9.2(1)(c) are for the mutual benefit of the Senior Lenders and the LP Entities.

(3) The conditions precedent set out in Section 9.2(1)(d), Section 9.2(1)(e) and Section 9.2(1)(f) may not be waived.

(4) The condition precedent set out in Section 9.2(1)(g) is for the exclusive benefit of the Senior Lenders and may be waived in whole or in part only in writing by the Administrative Agent acting in consultation with the Steering Committee.

Section 9.3 Superior Cash Offer Transaction

In the event that a Superior Cash Offer is received and is to be closed not later than sixty days after the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP), and all conditions precedent to the implementation of a Superior Cash Offer Transaction set out in Section 9.2 have been satisfied or waived:

- (a) each Senior Lender holding a Proven Senior Secured Claim shall receive pursuant to the terms of the Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement as soon as reasonably practicable following the later of (i) the Superior Cash Offer Plan Implementation Date, and (ii) the date upon which such Senior Lender's entire Senior Secured Claim becomes a Proven Senior Secured Claim, such Senior Lender's Pro Rata Share of the Reference Amount in indefeasible repayment in full of its Senior Secured Claim; and
- (b) the Collateral Agent and the Administrative Agent shall be deemed to have been authorized and directed pursuant to the provisions of the Plan to irrevocably release and discharge all security interests, hypothecs, mortgages, liens and guarantees granted by the LP Entities in favour of the Collateral Agent pursuant to and in connection with the Senior Security.

ARTICLE 10 – SUPERIOR ALTERNATIVE OFFER

Section 10.1 Superior Alternative Offer

In the event that a Superior Alternative Offer closes not later than sixty days after the Phase 2 Bid Deadline (or such longer period as is permitted pursuant to the SISP), the LP Entities will not proceed under Article 8 or Article 9 and this Plan shall terminate unless otherwise provided pursuant to such Superior Alternative Offer.

ARTICLE 11 – AMENDMENT AND TERMINATION OF PLAN

Section 11.1 Amendment of Plan Prior to Approval

Upon providing notice to the Monitor and the LP Entities, the Administrative Agent in consultation with the Steering Committee shall have the right to file any modification of or amendment to the Plan by way of a supplementary plan or plans of compromise or arrangement, filed with the Court at any time or from time to time prior to the conducting of the vote under the Plan by the Class of Senior Lenders at the Senior Lenders Meeting convened by the Monitor for that purpose, in which case any such supplementary plan or plans of compromise or arrangement shall, for all purposes, be and be deemed to be part of and incorporated into the Plan. The Monitor shall give notice of the details of any modifications or amendments by publication or

otherwise to all Senior Lenders at least five Business Days prior to the Senior Lenders Meeting the vote being taken to approve the Plan.

Section 11.2 Amendment of Plan Following Approval

After the Senior Lenders Meeting at which the Plan has been approved (and whether before or after the Sanction Order is made), the Administrative Agent in consultation with the Steering Committee may at any time and from time to time vary, amend, modify, or supplement the Plan or the Acquireco Capitalization Term Sheet in writing if such variation, amendment, modification or supplement either is non-material (for greater certainty any changes to the principal amount of the term indebtedness of Acquireco pursuant to the Acquireco Capitalization Term Sheet being deemed to be material except as expressly permitted under the terms of the Acquireco Capitalization Term Sheet) and approved by an Order or, if material, is approved by the same voting majority of Senior Lenders of the Class as is required hereunder to approve the Plan and approved by an Order.

ARTICLE 12– PLAN ADMINISTRATION

Section 12.1 Administration

Subject to the provisions of this Plan, the Monitor shall after the Plan Implementation Date continue to exercise the powers and authorities previously granted to the Monitor by the Court or pursuant to the CCAA. Notwithstanding the foregoing, after the Credit Acquisition Plan Implementation Date no material decisions or steps shall be taken by the Monitor in respect of the administration of the Cash Reserve or the Unresolved Senior Claims Reserve without obtaining either the prior written consent of the Administrative Agent in consultation with the Steering Committee or prior approval of the Court on notice to the Administrative Agent.

Section 12.2 Cash Reserve

The Monitor shall establish the Cash Reserve on the Credit Acquisition Plan Implementation Date in accordance with the Cash Reserve Order. From time to time after the Credit Acquisition Plan Implementation Date, the Monitor may (i) pay from the Cash Reserve the Cash Reserve Costs, and (ii) reduce the amount of the Cash Reserve as and to the extent it is no longer required to satisfy the Cash Reserve Costs by distributing to Acquireco the amount of such reductions, in each case in accordance with the Cash Reserve Order. Any residual balance in the Cash Reserve after the payment of the Cash Reserve Costs shall be an asset of and owned by Acquireco.

Section 12.3 Implementation Authority

(1) In the event that this Plan is approved by the Class in accordance with this Plan, the Administrative Agent, acting in consultation with the Steering Committee:

- (a) shall be authorized to take commercially reasonable steps to organize Acquireco, establish Acquireco's initial board of directors with a membership determined through a search process conducted by the Administrative Agent acting in

consultation with the Steering Committee, designed to obtain board participation from independent, respected individuals (at least 75% of which will be Canadian citizens) having the experience, reputation, contacts and skills which are relevant to the success of Acquireco's business (and not to be representatives of specific creditor interests), with a view to obtaining a strong board that will be independent of Acquireco management and the individual Secured Lenders; and

- (b) shall be authorized to and may issue, execute, deliver, file, make or record such contracts, instruments, releases, elections and other agreements or documents and take such all other steps or actions as may be considered necessary or appropriate by the Administrative Agent, acting in consultation with the Steering Committee, to pursue and effectuate and implement the Credit Acquisition and the other elements of this Plan or the Acquireco Capitalization Term Sheet without the need for any approval, authorization or consent except for those expressly required pursuant to the Plan or the Acquireco Capitalization Term Sheet.

(2) Notwithstanding that the Senior Secured Claims include Claims that arise under the Hedging Agreements as well as Claims that arise under the Senior Credit Agreement, in taking any action or omitting to take any action pursuant to the authority granted to the Administrative Agent pursuant to or in accordance with the provisions of this Plan, the Administrative Agent is and shall be deemed to be acting in its capacity as agent on behalf of the Lenders pursuant to the Senior Credit Agreement and the Administrative Agent and its advisors shall have no additional obligations or liabilities to any Senior Lender by virtue of any acts or omissions under or in relation to this Plan, and the obligations and liabilities, if any, of the Administrative Agent and its advisors shall remain fully subject to and are limited by the terms of the Senior Credit Agreement.

Section 12.4 Effectuating Documents and Further Transactions

On and after the Credit Acquisition Plan Implementation Date, Acquireco and the members of its board of directors shall be authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of this Plan and the securities issued pursuant to this Plan in the name of and on behalf of Acquireco without the need for any approval, authorization or consent except for those expressly required pursuant to the Plan.

Section 12.5 Advice and Directions

The Monitor, the LP Entities and the Administrative Agent shall be entitled to apply to the Court from time to time for advice and directions concerning the implementation, operation and administration of this Plan.

ARTICLE 13 - MISCELLANEOUS

Section 13.1 Exculpation and Limitation of Liability

(1) None of the LP Entities, the Monitor, the Administrative Agent, the Senior Lenders, Acquireco, any individual, corporation or other entity that was at any time formerly a Senior Lender, the Steering Committee or any other committee of holders of Senior Secured Claims, the DIP Lenders, the Collateral Agent, or any of their respective present or former members, officers, directors, employees, direct or indirect advisors, attorneys, or agents, shall have or incur any liability to any holder of a Senior Secured Claim, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the LP Entities' CCAA proceedings initiated by the Initial Order, formulating, negotiating or implementing the Plan or the Support Agreement, the solicitation of acceptances of the Plan or the Support Agreement, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their wilful misconduct, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(2) The LP Entities hereby jointly and severally fully indemnify each of the Indemnitees against any manner of actions, causes of action, suits, proceedings, liabilities and claims of any nature, costs and expenses (including reasonable legal fees) which may be incurred by such Indemnitee or asserted against such Indemnitee arising out of or during the course of, or otherwise in connection with or in any way related to, the negotiation, preparation, formulation, solicitation, dissemination, implementation, confirmation and consummation of the Plan, other than any liabilities to the extent arising from the gross negligence or willful or intentional misconduct of any Indemnitee or any breach by Acquireco of the terms of the Acquisition and Assumption Agreement as determined by a final judgment of a court of competent jurisdiction. If any claim, action or proceeding is brought or asserted against an Indemnitee in respect of which indemnity may be sought from any of the LP Entities, the Indemnitee shall promptly notify the LP Entities in writing, and the LP Entities may assume the defence thereof, including the employment of counsel reasonably satisfactory to the Indemnitee, and the payment of all costs and expenses. The Indemnitee shall have the right to employ separate counsel in any such claim, action or proceeding and to consult with the LP Entities in the defence thereof and the fees and expenses of such counsel shall be at the expense of the LP Entities unless and until the LP Entities shall have assumed the defence of such claim, action or proceeding. If the named parties to any such claim, action or proceeding (including any impleaded parties) include both the Indemnitee and any of the LP Entities, and the Indemnitee reasonably believes that the joint representation of such entity and the Indemnitee may result in a conflict of interest, the Indemnitee may notify the LP Entities in writing that it elects to employ separate counsel at the expense of the LP Entities, and the LP Entities shall not have the right to assume the defence of such action or proceeding on behalf of the Indemnitee. In addition, the LP Entities shall not affect any settlement or release from liability in connection with any matter for which the Indemnitee would have the right to indemnification from the LP Entities, unless such settlement

contains a full and unconditional release of the Indemnitee, or a release of the Indemnitee satisfactory in form and substance to the Indemnitee.

Section 13.2 Releases

(1) On the Plan Implementation Date, the LP Entities shall be deemed to have released the Indemnitees and the Monitor, from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether based on contract, negligence or other tort, fiduciary duty, common law, equity, statute or otherwise, whether known or unknown, whether foreseen or unforeseen, arising on or before the Plan Implementation Date (other than any claims, obligations, rights, causes of action, and liabilities arising from fraud as determined by a final judgment of a court of competent jurisdiction) which such LP Entities may have for, upon or by reason of any matter, cause or thing whatsoever, which are based upon, arise under or are related to the Senior Credit Agreement, Hedging Agreements, Collateral Agency Agreement or Senior Secured Claims .

(2) On the Plan Implementation Date unless otherwise ordered by the Court, the Senior Lenders shall be deemed to have released the Monitor and the present and former officers and directors of the LP Entities from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether known or unknown, whether foreseen or unforeseen, arising on or before the Plan Implementation Date, which such Senior Lenders may have for, upon or by reason of any matter, cause or thing whatsoever, which are based upon, arise under or are related to the Senior Credit Agreement, Hedging Agreements, Collateral Agency Agreement or Senior Secured Claims, provided that (i) nothing herein will release any of the present or former officers or directors of the LP Entities in respect of any claim, obligations right, cause of action, or liability referred to in section 5.1(2) of the CCAA, and (ii) the release set out in this Section 13.2(2) is not a condition of this Plan and, accordingly, in the event that the Court declares pursuant to Section 5.1(3) of the CCAA that any claim against any present or former officer or director of any of the LP Entities (that would otherwise be released under this Section 13.2(2)) shall not be compromised or released, the remaining provisions of this Plan shall continue to remain operative and in full force and effect.

Section 13.3 Effect of Plan Generally

On the Plan Implementation Date the treatment of Senior Secured Claims under this Plan shall be final and binding on the LP Entities and all Senior Lenders.

Section 13.4 Paramourncy

From and after the Plan Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any Loan Document or Hedging Agreement and all amendments or supplements thereto existing between one or more of the Senior Lenders and the LP Entities as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority.

Section 13.5 Compromise Effective for all Purposes

The compromise or other satisfaction of any Senior Secured Claim under this Plan, from and after the Plan Implementation Date shall be binding upon such Senior Lender, its heirs, executors, administrators, successors and assigns for all purposes as against the LP Entities.

Section 13.6 Participation in Different Capacity

Senior Lenders whose Senior Secured Claims are affected by this Plan may be affected in more than one capacity. Each such Senior Lender shall be entitled to participate hereunder separately in each such capacity. Any action taken by a Senior Lender in any one capacity shall not affect the Senior Lender in any other capacity unless the Senior Lender agrees in writing.

Section 13.7 Consent, Waivers and Agreements

As at 12:01 a.m. on the Plan Implementation Date, each Senior Lender shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Senior Lender shall be deemed to have executed and delivered to the Monitor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety.

Section 13.8 Deeming Provisions

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

Section 13.9 Notices

Unless otherwise specified, each Notice to a party must be given in writing and delivered personally or by courier, or transmitted by fax or email to the party as described below or to any other address, fax number, email address or Person that the party designates. Any Notice, if delivered personally or by courier, will be deemed to have been given when actually received, if transmitted by fax or email before 3:00 p.m. on a Business Day, will be deemed to have been given on that Business Day, and if transmitted by fax or email after 3:00 p.m. on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

(1) If to any of the LP Entities:

c/o Canwest Limited Partnership
1450 Don Mills Road
Don Mills, Ontario
M3B 2X7

Attention: Doug Lamb, Executive Vice President and Chief Financial Officer
Fax: 416.442.2135
Email: dlamb@canwest.com

with a copy to:

CRS Inc.
541 Arrowhead Road
Mississauga, Ontario
L5H 1V5

Attention: Gary F. Colter,
Fax: 905-891-7036
email: colter@crsgfc.ca

and with a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6100
Toronto, Ontario
M5X 1B8

Attention: Edward Sellers
Fax: 416-862-6666
email: esellers@osler.com

(2) If to the Monitor:

FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington St. West
Suite 2010, P.O. Box 104
Toronto, Ontario
M5K 1G8

Attention: Paul Bishop, Senior Managing Director
Fax: 416.649.8101
Email: paul.bishop@fticonsulting.com

with a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay St.
Toronto, Ontario
M5L 1B9

Attention: David Byers
Fax: 416.869.5697

Email: dbyers@stikeman.com

(3) If to the Administrative Agent:

The Bank of Nova Scotia
62nd Floor, 40 King Street West

Scotia Plaza
Toronto, Ontario
M5W 2X6

Attention: Robert King
Fax: 416.866.2010
Email: rob_king@scotiacapital.com

with a copy to:

McMillan LLP
Bay Wellington Tower
Brookfield Place, Suite 4400
181 Bay Street
Toronto, Ontario
M5J 2T3

Attention: Andrew J.F. Kent
Fax: 416.865.7048
Email: andrew.kent@mcmillan.ca

(4) If to a Senior Lender:

To the address for notice specified in the Senior Credit Agreement or the Hedging Agreements, as applicable.

Section 13.10 Further Assurances

Notwithstanding that some of the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall from time to time promptly execute and deliver all further documents and take all further action reasonably necessary to better implement this Plan.

Dated at Toronto the 8th day of January, 2010.

SCHEDULE "1.1(8)"

ACQUISITION AND ASSUMPTION AGREEMENT

See attached.

SCHEDULE "1.1(43)"

CREDIT ACQUISITION SANCTION ORDER

See attached.

