

TAB F (cont't)

- 59 -

- (c) on the fourth Business Day of each week, a weekly and cumulative cash flow comparison, with explanations as to variances therein from projected to actual results (by more than 5%), certified by a Responsible Officer and, after the Restructuring Event Date, the Monitor;
- (d) on the fourth Business Day of each week, a weekly statement of the payment of Priority Payables (including confirmation as to when such Priority Payables are due and payable), certified by a Responsible Officer and, after the Restructuring Event Date, the Monitor;
- (e) on the fourth Business Day of each week, a weekly statement of the payment of such other amounts as provided for in the Weekly Cash Flow Projections, certified by a Responsible Officer and, after the Restructuring Event Date, the Monitor;
- (f) as soon as available and in any event within 90 days after the end of each Fiscal Year of the Borrower, its audited consolidated balance sheet and related statements of income, retained earnings and changes in financial position as of the end of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by PriceWaterhouseCoopers or other independent auditors of recognized national standing (without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;
- (g) as soon as available and in any event within 45 days after the end of each Fiscal Quarter, its unaudited consolidated and consolidating balance sheet (for the Borrower and Guarantors) and related statements of income, retained earnings and changes in financial position as of the end of such Fiscal Quarter and the then elapsed portion of the Fiscal Year which includes such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by a Responsible Officer as presenting fairly in all material respects the financial condition and results of operations of the Credit Parties on a consolidated and consolidating basis (for the Borrower and Guarantors) in accordance with GAAP consistently applied, subject to normal year-end audit adjustments;
- (h) concurrently with the financial statements required pursuant to Sections 5.1(f) and (g) above, a certificate of the Borrower, signed by a Responsible Officer in the form of Exhibit K;
- (i) copies of each management letter issued to the Borrower by its auditors promptly following consideration or review thereof by the Board of Directors of the Borrower, or any committee thereof (together with any response thereto prepared by the Borrower);
- (j) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any other Credit Party with any securities commission, stock exchange or similar entity, and all materials distributed out of the ordinary course by the Borrower to its shareholders and which relate to

- 60 -

matters in which any Lender or the Agent, in such capacities, can reasonably be expected to have an interest;

(k) as soon as available to the Borrower, copy of any report issued by the Monitor in connection with the CCAA Proceedings, and copies of all motions, pleadings, applications, judicial information, financial information and any other Court filings made pursuant to the CCAA Proceedings;

(l) promptly upon the request of the Agent, and in any event no less frequently than the 10th Business Day of each calendar month, (together with a copy of all or any part of the following reports requested by any Lender in writing after the Effective Date), a Borrowing Base Report, signed by a Responsible Officer and, after the Restructuring Event Date, certified by the Monitor, as of the last day of the immediately preceding calendar month, accompanied by such supporting detail and documentation as shall be requested by the Agent in its reasonable discretion including:

- (i) an accounts receivable aging (including both summary and detail format) showing Accounts outstanding, aged from invoice date as follows: 1 to 30 days past due, 31 to 60 days past due, 61 to 90 days past due, and 91 days or more past due, accompanied by such supporting detail and documentation as shall be requested by the Agent in its reasonable discretion, including the ledger for disputed/legal accounts;
- (ii) a calculation of the Accounts which would not meet the criteria of an Eligible Account Receivable;
- (iii) a copy of the internally generated month end cash receipts and collections journal;
- (iv) Borrower prepared reconciliation of the cash receipts journal to the blocked depository account;
- (v) an aged listing of the ten largest customer accounts for the month;
- (vi) detailed monthly accounts payable aging; and
- (vii) an aged listing of the ten largest accounts payable for the month.

(m) weekly, on the second Business Day of each week for the prior week (in the case of items (i) – (v) below):

- (i) a weekly Borrowing Base Report that reflects the Accounts as at the last business day of the previous week;
- (ii) a copy of the internally generated weekly sales journal and invoice register;

- 61 -

- (iii) a copy of the internally generated weekly credit memo journal (or sales journal if included there);
 - (iv) a copy of the internally generated weekly debit memo journal (or the sales journal if included there); and
 - (v) a copy of the internally generated weekly cash receipts and collections journal.
- (n) monthly within 30 days of the last day of each calendar month:
- (i) a copy of the internally generated general ledger report as at the month end;
 - (ii) a reconciliation of Accounts aging to the general ledger and to the financial statement as at the month end;
 - (iii) copies of all material correspondence, actuarial valuation reports and other filings with any pension regulators or the applicable Governmental Entity to which such correspondence, reports and filings must be sent (including any filings furnished to the trustee under any Pension Plan and any valuation reports prepared by the Borrower's actuary and confirming that all contributions to be made in respect of the Pension Plans have been made when due);
 - (iv) copies of the most recently available investment or fund statements showing the value of the assets held in connection with each Pension Plan.
- (o) such other reports designating, identifying and describing the Accounts, Eligible Real Property or Eligible Equipment as required by the Agent and on a more frequent basis as the Agent may reasonably request in its reasonable credit discretion;
- (p) the results of each physical verification, if any, that the Borrower may have made, or caused any other Person to have made on its behalf, of all or any portion of its Eligible Real Property or Eligible Equipment, within 10 Business Days of completion of any such physical verification (and, if a Default or an Event of Default has occurred and be continuing, the Borrower shall, upon the request of the Agent, conduct, and deliver the results of, such physical verifications as the Agent may require);
- (q) such appraisals of the assets of the Borrower and the Credit Parties as the Agent may request at any time, such appraisals to be conducted at the expense of the Borrower by an appraiser that is acceptable to the Agent, and shall be in scope, form and substance acceptable to the Agent;
- (r) promptly after the Borrower learns of the receipt or occurrence of any of the following, a certificate of the Borrower, signed by a Responsible Officer, specifying (i) any official notice of any violation, possible violation, non-compliance or possible non-compliance, or claim made by any Governmental Authority pertaining to all or any part of the properties of

- 62 -

the Borrower or any other Credit Party which could reasonably be expected to have a Material Adverse Effect, (ii) any event which constitutes a Default or Event of Default, together with a detailed statement specifying the nature thereof and the steps being taken to cure such Default or Event of Default, (iii) the receipt of any notice from, or the taking of any other action by, the holder of any promissory note, debenture or other evidence of Indebtedness of the Borrower or any other Credit Party in an amount in excess of Cdn.\$100,000 with respect to an actual or alleged default, together with a detailed statement specifying the notice given or other action taken by such holder and the nature of the claimed default and what action the Borrower or the relevant Credit Party is taking or proposes to take with respect thereto, except where any action or result referred to in any such notice is stayed pursuant to the CCAA Orders, (iv) any default or non-compliance of any party to any of the Loan Documents with any of the terms and conditions thereof or any notice of termination or other proceedings or actions which could reasonably be expected to adversely affect any of the Loan Documents, (v) the creation, dissolution, merger or acquisition of any Subsidiary of the Borrower, (vi) any event or condition not previously disclosed to the Agent, which violates any Environmental Law and which could potentially, in the Borrower's reasonable judgment, have a Material Adverse Effect, (vii) except for any default arising in connection with the CCAA Proceedings, any material amendment to, termination of, or material default under a Material Contract or any execution of, or material amendment to, termination of, or material default under, any material collective bargaining agreement, and any other event, development or condition which could reasonably be expected to have a Material Adverse Effect and which is not subject to the Stay of Proceedings;

(s) promptly after the occurrence thereof, notice of the institution of or any material adverse development in any action, suit or proceeding or any governmental investigation or any arbitration before any court or arbitrator or any Governmental Authority or official against the Borrower or any other Credit Party or any of its or their Subsidiaries or any material property of any thereof which could reasonably be expected to have a Material Adverse Effect;

(t) promptly after the filing thereof with any Governmental Authority, copies of each annual and other report (including applicable schedules and actuarial reports) with respect to each Pension Plan of the Borrower or any other Credit Party or any trust created thereunder, unless such requirement is waived by the Agent;

(u) at the cost of the Borrower, a report or reports of an independent collateral field examiner (which collateral field examiner may be the Agent or an Affiliate thereof) approved (i) by the Borrower, whose approval shall not be unreasonably withheld, and (ii) by the Agent with respect to the Eligible Accounts components included in the Borrowing Base. The Agent may (and, at the direction of the Required Lenders, shall) request such reports or additional reports as it (or the Required Lenders) shall reasonably deem necessary;

(v) upon request by the Agent, a summary of the insurance coverages of the Borrower and any other Credit Party, in form and substance reasonably satisfactory to the Agent, and upon renewal of any insurance policy, a copy of an insurance certificate summarizing the terms of such policy, and upon request by the Agent, copies of the applicable policies;

- 63 -

(w) a copy of any plan of arrangement to be filed with the Court pursuant to the CCAA Proceedings, before such plan of arrangement is proposed to the creditors of the Borrower or filed with the Court;

(x) concurrently with any delivery of financial statements under Section 5.1 (f) or (g) above, a certificate of a Responsible Officer of the Borrower (i) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 5.1(f) and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate, (ii) identifying all its Subsidiaries existing on the date of such certificate and indicating, for each such Subsidiary, and whether such Subsidiary is a Guarantor and whether such Subsidiary was formed or acquired since the end of the previous calendar month (or alternatively, that there have been no changes in such information since the previous calendar month);

(y) the Borrower shall notify the Agent promptly of any material changes in the purchase, process to purchase or broadcasting of television programming by any Credit Party;

(z) the Borrower shall deliver to the Agent (i) within 30 days of delivery to the trustee or custodian of each applicable Pension Plan, a copy of the notification or remittance (or similar) prepared and delivered in respect of each Pension Plan pursuant to and in accordance with section 9.1(1) of the *Pension Benefits Standards Act, 1985* (Canada) or section 56.1 of the *Pension Benefits Act* (Ontario) or similar pension benefits standards legislation and, (ii) within 30 days of the end of each calendar month, a certificate of the Borrower, signed by a Responsible Officer, confirming the amount remitted or contributed in the previous month to each Pension Plan identified in the documentation referred to in (i); and

(aa) annually, within 45 days of the last day of each calendar year, an updated copy of Schedule 3.11 and copies of the most recent CICA 3461 (or similar) valuations prepared in connection with any Pension Plan or any non-pension post-retirement benefit plan of Borrower or any Subsidiary.

5.2 Existence; Conduct of Business. Each Credit Party will do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence (subject only to Section 6.3), and obtain, preserve, renew and keep in full force and effect any and all rights, licenses, permits, privileges and franchises material to the conduct of its business.

5.3 Payment of Obligations. Each Credit Party will pay its obligations, including Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such other Credit Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP, and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

5.4 Maintenance of Properties. Each Credit Party will keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

5.5 Books and Records; Inspection Rights. Each Credit Party will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Each Credit Party will permit any representatives designated by the Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

5.6 Compliance with Applicable Laws and Material Contracts. Each Credit Party will comply with all Applicable Laws and orders of any Governmental Authority applicable to it or its property and with all of its material contractual obligations, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Credit Party shall modify, amend or alter its certificate or articles of incorporation.

5.7 [Intentionally Deleted.]

5.8 Further Assurances. Each Credit Party will cure promptly any defects in the execution and delivery of the Loan Documents, including this Agreement. Upon request, each Credit Party will, at its expense, as promptly as practical, execute and deliver to the Agent, all such other and further documents, agreements and instruments in compliance with or performance of the covenants and agreements of the Borrower or any other Credit Party in any of the Loan Documents, including this Agreement, or to further evidence and more fully describe the Collateral, or to correct any omissions in any of the Loan Documents, or more fully to state the security obligations set out herein or in any of the Loan Documents, or to perfect, protect or preserve any Liens created pursuant to any of the Loan Documents, or to make any recordings, to file any notices, or obtain any consents, all as may be necessary or appropriate in connection therewith, in the judgment of the Agent.

5.9 Insurance. Each Credit Party shall maintain insurance on its property and assets under such policies of insurance, with such insurance companies, in such reasonable amounts and covering such insurable risks as are at all times reasonably satisfactory to the Agent. All such policies are subject to the rights of any holders of Permitted Liens holding claims senior to the Agent, to be made payable to the Collateral Agent, to the extent required herein, in case of loss, under a standard non contributory "mortgagee", "lender" or "secured party" clause and are to contain such other provisions as the Agent or the Collateral Agent may require to fully protect the Collateral Agent's interest in the property and assets subject to the Liens in favour of the Collateral Agent and to any payments to be made under such policies. All original policies or true copies thereof are to be delivered to the Collateral Agent, with the loss payable endorsement in the Collateral Agent's favour, and shall provide for not less than thirty (30) days prior written notice to the Collateral Agent of the exercise of any right of cancellation. Upon the occurrence and continuance of an Event of Default which is not waived in writing by the Agent, the Collateral Agent shall, subject to the rights of any holders of Permitted Liens holding claims senior to the Agent, have the sole right, in the name of the Collateral Agent, the Borrower or any other applicable Credit Party, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such

- 65 -

insurance policies. Amounts received by the Collateral Agent on account of insurance proceeds shall be dealt with in accordance with the Collateral Agency Agreement. The Agent may apply insurance proceeds received by the Agent to the Obligations in such manner as it may deem advisable in its sole discretion. In the event the Borrower fails to provide the Agent with timely evidence, acceptable to the Agent, of the maintenance of insurance coverage required pursuant to this Section 5.9, or in the event that any Credit Party fails to maintain such insurance, the Agent may purchase or otherwise arrange for such insurance, but at the Borrower's expense and without any responsibility on the Agent's part for: (i) obtaining the insurance; (ii) the solvency of the insurance companies; (iii) the adequacy of the coverage; or (iv) the collection of claims. The insurance acquired by the Agent may, but need not, protect the Borrower's or any other Credit Party's interest in the Collateral, and therefore such insurance may not pay claims which the Borrower may have with respect to the Collateral or pay any claim which may be made against the Borrower in connection with the Collateral. In the event the Agent purchases, obtains or acquires insurance covering all or any portion of the Collateral, the Borrower shall be responsible for all of the applicable costs of such insurance, including premiums, interest (at the applicable interest rate for Revolving Loans set forth in Section 2.5), fees and any other charges with respect thereto, until the effective date of the cancellation or the expiration of such insurance. The Agent may charge all of such premiums, fees, costs, interest and other charges to the Borrower's loan account. The Borrower hereby acknowledges that the costs of the premiums of any insurance acquired by the Agent may exceed the costs of insurance which the Borrower may be able to purchase on its own. In the event that the Agent purchases such insurance, the Agent will promptly, and in any event within fifteen (15) days, notify the Borrower of said purchase.

5.10 Operation and Maintenance of Property. Each Credit Party will, subject to the CCAA Orders, manage and operate its business or cause its business to be managed and operated (i) in accordance with prudent industry practice in all material respects and in compliance in all material respects with the terms and provisions of all applicable licenses, leases, contracts and agreements, (ii) in compliance with the Weekly Cash Flow Projections, and (iii) in compliance with the CCAA Orders and all Applicable Laws of the jurisdiction in which such businesses are carried on, and all Applicable Laws of every other Governmental Authority from time to time constituted to regulate the ownership, management and operation of such businesses, except where a failure to so manage and operate would not have a Material Adverse Effect.

5.11 Additional Subsidiaries; Additional Liens. If, at any time on or after the Effective Date, the Borrower or any other Credit Party creates or acquires an additional Subsidiary or in some other fashion becomes the holder of any Equity Securities of a new Subsidiary:

(a) the Borrower and the other Credit Parties will, as applicable, as soon as practicable execute and deliver to the Collateral Agent a securities pledge agreement, in form and substance satisfactory to the Agent, granting a Lien in favour of the Collateral Agent over 100% of the Equity Securities of such new Subsidiary owned by the Borrower or such other Credit Party; and

(b) to the extent permitted by Applicable Law, the Borrower and the other Credit Parties will cause such new Subsidiary to execute and deliver to the Collateral Agent as soon as practicable (i) a guarantee, and (ii) mortgages, security agreements, hypothecs and other

security-related documents covering such new Subsidiary's property, all in form and substance satisfactory to the Agent, acting reasonably; and

(c) except if expressly permitted by the Agent, each Credit Party shall ensure that none of the terms of such Equity Securities in a partnership or limited liability company shall provide that such Equity Securities are a "security" for the purposes of the STA.

In connection with the execution and delivery of any guarantee, security agreement, intellectual property security agreements, hypothecs or related document pursuant to this Section, the Borrower and each other Credit Party will cause to be delivered to the Agent such corporate resolutions, certificates, legal opinions and such other related documents and registrations as shall be reasonably requested by the Agent and consistent with the relevant forms and types thereof delivered on or prior to the Effective Date or as shall be otherwise reasonably acceptable to the Agent. Each guarantee, pledge agreement, mortgage, security agreement, intellectual property security agreements, hypothecs and other documents delivered pursuant to this Section shall be deemed to be a Security Document from and after the date of execution thereof.

5.12 Post Closing Undertakings. Borrower will ensure that all post closing undertakings as set forth in Schedule 5.12 (collectively, the "Undertakings") have been satisfied within the time periods set forth therein and any failure to satisfy any of the Undertakings within the applicable time periods shall constitute an Event of Default.

5.13 Environmental Laws. Each of the Borrower and the other Credit Parties will conduct its business in compliance in all material respects with all Environmental Laws applicable to it or them, including those relating to the Credit Parties' generation, handling, use, storage and disposal of Hazardous Materials. Each of the Borrower and the other Credit Parties will take prompt and appropriate action to respond to any non-compliance or alleged non-compliance with Environmental Laws, and the Borrower shall regularly report to the Agent on such response. Without limiting the generality of the foregoing, whenever any Credit Party gives notice to the Agent pursuant to Section 5.1(r)(vi) and the Agent so requests, the Credit Parties shall, at the applicable Credit Party's expense:

(a) cause an independent environmental engineer acceptable to the Agent in its reasonable discretion to conduct such tests of the site where the non-compliance or alleged non-compliance with Environmental Laws has occurred, and prepare and deliver to the Agent a report setting forth the results of such tests, a proposed plan for responding to any environmental problems described therein, and an estimate of the costs thereof;

(b) provide to the Agent a supplemental report of such engineer whenever the scope of the environmental problem, or the Credit Party's, and any other Person's response thereto or the estimated costs thereof, shall change. Such reports shall also be addressed to the Agent and the Lenders and shall, as requested by the Agent, set out the results of such engineers' review of, among other things:

(i) the internal policies and procedures of the Credit Parties relating to environmental regulatory compliance to ensure that all appropriate steps

- 67 -

are being taken by or on behalf of the Credit Parties to comply in all material respects with all applicable requirements of Environmental Laws;

- (ii) the progress of compliance satisfaction, capital expenditures required to effect remedial steps and compliance deficiencies;
- (iii) all other environmental audit reports which the Credit Parties or any predecessor has commissioned in the normal conduct of its business which relate to the subject matter of such notice; and
- (iv) all environmental reports which have been commissioned by or made available to a Credit Party in connection with new acquisitions, and the engineers' report and recommendations on results of tests performed or samples taken by it during the course of its review, irregularities or steps which may be taken to ensure continued compliance, as well as such other matters as the Borrower and/or the Agent may reasonably request from time to time.

5.14 Chief Restructuring Officer. The Borrower shall ensure that its Chief Restructuring Officer or restructuring advisor meets regularly, and in any event no less frequently than every two weeks, with the Agent to provide the Agent with updates as to progress towards achieving the Milestones as described in Schedule 7.1(d) and to provide information or commentary on such other matters as the Agent may request.

ARTICLE 6 NEGATIVE COVENANTS

From (and including) the Effective Date until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit and Letter of Credit Guarantees shall have expired and been terminated and all Reimbursement Obligations have been satisfied by the Borrower, the Borrower and each other Credit Party covenants and agrees with the Lenders that:

6.1 Indebtedness. No Credit Party will create, incur, assume or permit to exist any Indebtedness, except:

- (a) any Indebtedness created hereunder;
- (b) any Indebtedness under the New Notes up to a principal amount not exceeding \$105,000,000 (plus interest, fees, indemnities and other amounts payable in accordance with the terms of the New Notes as of the date hereof) and any other Indebtedness existing on the date hereof and set forth in Schedule 6.1 (including, any extensions or renewals of any such Indebtedness but excluding any replacements of any such Indebtedness);
- (c) any Indebtedness under the Existing Notes;
- (d) any Indebtedness of one Credit Party to another Credit Party;

- 68 -

- (e) any Guarantee by a Credit Party of Indebtedness of any other Credit Party;
- (f) any Indebtedness of the Credit Parties incurred under Purchase Money Liens or to Capital Lease Obligations in an aggregate amount not exceeding Cdn.\$500,000 for all Credit Parties;
- (g) any Indebtedness of any Person that becomes a Credit Party after the date hereof, provided that (i) such Indebtedness exists at the time such Person becomes a Credit Party and is not created in contemplation of or in connection with such Person becoming a Credit Party, and (ii) the aggregate principal amount of Indebtedness permitted by this clause (g) shall not exceed Cdn.\$500,000 at any time outstanding;
- (h) any Indebtedness of the Credit Parties to The Bank of Nova Scotia in respect of cash management services or letters of credit and which is secured by the BNS Priority Collateral; and
- (i) any Indebtedness in respect of trade letters of credit or Letters of Credit;
- (j) any Indebtedness in respect of Swap Agreements entered into in compliance with Section 6.5, provided that the aggregate notional amounts under all such Swap Agreements shall not exceed \$10,000,000.

6.2 Liens. No Credit Party will, and no Credit Party will permit any Credit Party to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by any Credit Party or assign or sell any income or revenues (including Accounts of the Credit Parties) or rights in respect of any thereof, except Permitted Liens, and after the Restructuring Event Date, the DIP Charge, the Administrative Charge and the Directors' Charge. For greater certainty, the Agent and the Lenders are entering into this Agreement on the express understanding that no Credit Party will enter into, or permit any other Credit Party to enter into, any other credit arrangement (whether before or after the Restructuring Event Date) which is secured in priority to or pari passu with the Obligations.

6.3 Fundamental Changes; Asset Sales.

(a) No Credit Party will enter into any merger, amalgamation, consolidation, reorganization or recapitalization, sale or transaction resulting in the change ownership or control of the any Credit Party, other than (i) the proposed sale of the Turkish Assets for net proceeds to the Borrower of not less than \$13,000,000, and (ii) a sale of the all or any part of Ten Network Shares.

(b) No Credit Party will engage to any material extent in any material business other than businesses of the type conducted by the Credit Party on the date of execution of this Agreement and businesses reasonably related thereto.

6.4 Investments, Loans, Advances, Guarantees and Acquisitions. Each Credit Party will not purchase, hold or acquire (including pursuant to any amalgamation with any Person that was not a Credit Party prior to such amalgamation) any Equity Securities, evidences of indebtedness

or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any Investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person or otherwise make an Acquisition, except Investments by a Credit Party in the Equity Securities of any other Credit Party; loans or advances made by one Credit Party to any other Credit Party; Guarantees constituting Indebtedness permitted by Section 6.1, and loans or advances made by Credit Parties to Persons who are not Credit Parties in an aggregate amount not exceeding \$500,000 at any time.

6.5 Swap Transactions. No Credit Party will enter into any Swap Transaction or engage in any transactions in respect thereof, except (i) Swap Transactions entered into by the Borrower to hedge or mitigate risks to which the Borrower or any other Credit Party has actual exposure (other than those in respect of Equity Securities), and (ii) Swap Transactions entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any other Credit Party.

6.6 Restricted Payments. No Credit Party will declare, pay or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that provided that no Default or Event of Default has occurred and is continuing (a) the Borrower may declare and pay dividends with respect to its Equity Securities payable solely in additional Equity Securities, and (b) any Credit Party may make Restricted Payments to the Borrower or any other Credit Party. No Credit Party will make or agree to make any principal or interest payment on account of the Existing Notes unless, immediately after giving effect to such payment, Excess Availability is equal to or greater than Cdn.\$120,000,000. After the Restructuring Event Date, no Credit Party will declare, pay or make, or agree to pay or make, directly or indirectly, any payment of any obligation which is stayed by the CCAA Orders.

6.7 Use of Proceeds . The proceeds of the Loans will not be used for any purpose other than for working capital for the Credit Parties, for expenses of the Borrower arising in the CCAA Proceedings as may be approved by the Court and as contemplated by the Weekly Cash Flow Projections, and for other obligations of the Borrower the payment of which are not stayed by the CCAA Orders.

6.8 Transactions with Affiliates. No Credit Party will sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favourable to the Credit Party than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Credit Parties not involving any other Affiliate, and (c) any Restricted Payment permitted by Section 6.6. The foregoing restrictions shall not apply to: (i) the payment of reasonable and customary fees to directors of the Credit Party, (ii) any other transaction with any employee, officer or director of a Credit Party pursuant to employee profit sharing and/or benefit plans and compensation and non-competition arrangements in amounts customary for corporations similarly situated to the Credit Party and entered into in the ordinary course of business and approved by the board of directors of the Credit Party, or (iii) any reimbursement of

reasonable out-of-pocket costs incurred by an Affiliate of the Credit Party on behalf of or for the account of the Credit Party.

6.9 Repayment of Debt. No Credit Party will repay, prepay, redeem, repurchase, defease or otherwise make any payment on account of any Indebtedness for borrowed money except for (a) payment on account of Indebtedness owing to the Agent or the Lenders under this Agreement, (b) any payment on account of the New Notes in accordance with the Credit Confirmation and Amendment Agreement, and (c) payment on account of Indebtedness for borrowed money permitted by Section 6.1, the repayment of which is not restricted by Section 6.6.

6.10 Restrictive Agreements. Except for the CCAA Proceedings, no Credit Party will directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Credit Party to create, incur or permit to exist any Lien upon any of its property or assets, (b) the ability of a Credit Party to pay dividends or other distributions with respect to any Equity Securities or with respect to, or measured by, its profits or to make or repay loans or advances to the Borrower or any other Credit Party or to provide a Guarantee of any Indebtedness of the Borrower or any other Credit Party, (c) the ability of the Borrower or any other Credit Party to make any loan or advance to the Borrower or any of the other Credit Parties, or (d) the ability of the Borrower or any other Credit Party to sell, lease or transfer any of its property to the Borrower or any other Credit Party; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by Applicable Law or by this Agreement or the Note Purchase Agreement, (ii) the foregoing shall not apply to restrictions and condition existing on the date hereof identified on Schedule 6.9 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary of the Borrower pending such sale, provided such restrictions and conditions apply only to the Subsidiary of the Borrower that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, and (v) clauses (a) and (d) of the foregoing shall not apply to customary provisions in leases and other ordinary course contracts restricting the assignment thereof.

6.11 Capital Lease Obligations. No Credit Party will create, incur, assume or suffer to exist, any Capital Lease Obligations, whether directly or as a guarantor, if, after giving effect thereto, the aggregate amount of all payments (for both principal and interest) required to be made by the Credit Parties on a consolidated basis pursuant to such Capital Lease Obligations would exceed Cdn.\$1,000,000 in any Fiscal Year.

6.12 Sales and Leasebacks. No Credit Party will enter into any arrangement, directly or indirectly, with any Person whereby the Credit Party shall sell or transfer any property, whether now owned or hereafter acquired, and whereby the Credit Party shall then or thereafter rent or lease as lessee such property or any part thereof or other property which the Credit Party intends to use for substantially the same purpose or purposes as the property sold or transferred.

6.13 Pension Plan Compliance. No Credit Party will (a) establish a Pension Plan, terminate any Pension Plan in a manner, or take any other action with respect to any Pension Plan, which could reasonably be expected to result in any material liability of any Credit Party, (b) fail to make full payment when due of all amounts which, under the provisions of any Pension Plan, agreement relating thereto, or Applicable Law, the Credit Party is required to pay as contributions thereto, except where the failure to make such payments could not reasonably be expected to have a Material Adverse Effect or result in a Priority Payable, (c) contribute to or assume an obligation to contribute to any "multi-employer pension plan" as such term is defined in the *Pension Benefits Act (Ontario)* or any Pension Plan not disclosed to the Agent on the Effective Date, (d) acquire an interest in any Person if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to any Pension Plan, (e) acquire the assets or business of any Person if the former employees of such Person are required to be, or will be, enrolled in any existing or newly established Pension Plan of any Credit Party, (f) permit, or allow any Affiliate to permit, to exist a solvency or wind-up funding deficiency with respect to any Pension Plan in an amount which could reasonably be expected to cause a Material Adverse Effect.

6.14 Sale or Discount of Receivables. No Credit Party will discount or sell (with or without recourse) any of its Accounts.

6.15 Unconditional Purchase Obligations. No Credit Party will enter into or be a party to, any material contract for the purchase of materials, supplies or other property or services, if such contract requires that payment be made by it regardless of whether or not delivery of such materials, supplies or other property or services is ever made, provided that this Section 6.14 shall not restrict the ability of any Credit Party to enter into any such contract in the ordinary course of its business to the extent that the materials, supplies or other property or services which are the subject matter of such contract are reasonably expected to be used by the applicable Credit Party in the ordinary course of its business.

6.16 Capital Expenditures. No Credit Party will make Capital Expenditures in a Fiscal Year for the Credit Parties on a consolidated basis in excess of 120% of the budgeted Capital Expenditures for Fiscal Year, as set forth in the most recent capital expenditure budget delivered to and approved by the Agent and, after the Restructuring Event Date, the Monitor.

6.17 No Amendments to Material Contracts. No Credit Party will amend, modify or terminate (or waive any provision of or provide any consent under), any Material Contract in a manner which could reasonably be expected to have a Material Adverse Effect.

6.18 Plan of Arrangement. The Credit Parties will not (and will not apply to any court of competent jurisdiction for authority to), file any plan or arrangement in the CCAA Proceedings that does not provide for the repayment in full in cash on the effective date thereof of all outstanding Obligations.

6.19 Employee Compensation. No Credit Party shall materially increase compensation or severance entitlements or other benefits payable to directors, officers or employees (including by way of a "key employee retention plan"), or pay any bonuses whatsoever, other than as required by Applicable Law or pursuant to the terms of existing benefit plans or employment contracts.

6.20 Professional Retainers. Except as previously disclosed in writing to the Agent, no Credit Party shall (i) enter into or make any payments on account of new retainers of professionals or advisors (other than any advisor to the special committee of the board of directors of the Parent and excluding ordinary course professional fees and legal fees that are not success based or lump sum payments), (ii) establish or fund any directors or employees trust or (iii) purchase or fund any additional directors' and officers' insurance, in each case unless otherwise approved by the Agent and, after the Restructuring Event date, the Monitor.

6.21 Maximum Borrowings. The Credit Parties shall ensure that, as of any date, the aggregate borrowings then outstanding under the New Notes and Exposure under this Agreement will not exceed by more than 5% the then-applicable forecast borrowing requirements of the Credit Parties for such date as set forth in the Weekly Cash Flow Projection.

6.22 Maximum Disbursements. The Credit Parties shall ensure that, (i) as of any date, each of the actual total receipts and capital expenditures of the Credit Parties for the previous 4-week period will not exceed by more than 10% the comparable item for the Credit Parties for such period as set forth in the Weekly Cash Flow Projection, as such item may be updated, and (ii) as of any date, each of the net operating cash flow and total net cash flow of the Credit Parties for the previous 4-week period will not exceed the greater of 10% or \$1,500,000 in excess of the comparable item for the Credit Parties for such period as set forth in the Weekly Cash Flow Projection, as such item may be updated.

6.23 Securities Accounts and Futures Accounts. No Credit Party shall own or maintain a Securities Account or a Futures Account.

6.24 Aggregate Receipts. The Credit Parties shall ensure that, as of any date, the aggregate receipts of the Credit Parties for the previous 4 week period will not have been more than 10% less than the forecast receipts for the Credit Parties for such period as set forth in the initial cash flow forecast for the Credit Parties, tested every Tuesday for the previous week ended Sunday.

6.25 Note Maturity Date. The Borrower shall not extend the "Maturity Date" under the Note Purchase Agreement.

ARTICLE 7 EVENTS OF DEFAULT

7.1 Events of Default. It shall constitute an event of default ("Event of Default") if any one or more of the following shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any Reimbursement Obligation in respect of any Letter of Credit when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) above) payable under this Agreement, when and as the same shall become due and payable;

(c) any representation or warranty made or deemed made by or on behalf of any Credit Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect when made or deemed to be made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.1(n)(ii) (notices of Defaults or Events of Default), 5.2 (with respect to the Credit Party's existence), 5.7, 5.9 or 5.13 or in Article 6 (or in any comparable provision of any other Loan Document), or any of the milestones (as described in Schedule 7.1(d)) have not been satisfied by the date upon which they are required to have been satisfied as set forth in Schedule 7.1(d);

(e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clauses (a), (b) or (d) above) or any other Loan Document, and such failure shall continue unremedied for a period of 10 days after notice thereof from the Agent to the Borrower (which notice will be given at the request of any Lender);

(f) the Initial Order shall have been amended, supplemented or otherwise modified without the prior written consent of the Agent, or the Borrower shall have failed to comply in any material respect with any provision of any of the CCAA Orders, or the Stay of Proceedings shall have expired;

(g) any Credit Party shall fail to make any payment whether of principal or interest, and regardless of amount, in respect of any Material Indebtedness, when and as the same shall become due and payable, and the rights and remedies of the creditor or creditors thereunder are not stayed by the Stay of Proceedings; provided that, prior to the Restructuring Event Date, there shall be deemed to be no Event of Default under this Section 7.1(g) in respect of the Existing Notes unless the maturity date of the Existing Notes has been accelerated;

(h) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, and the rights and remedies of the creditor or creditors thereunder are not stayed by the Stay of Proceedings; provided that, prior to the Restructuring Event Date, there shall be deemed to be no Event of Default under this Section 7.1(h) in respect of the Existing Notes unless the maturity date of the Existing Notes has been accelerated;

(i) a trustee in bankruptcy, receiver, interim receiver, receiver and manager or official with similar powers shall be appointed with respect to any Credit Party or its assets; or an application shall be filed by any Credit Party for the approval of any other superpriority claim (other than the DIP Charge and the Administrative Charge) in the CCAA Proceedings which is pari passu with or senior to the claims of the Agent and the Lenders against any Credit Party

hereunder; or there shall arise or be granted any such pari passu or senior superpriority claim without the consent of the Agent in its exclusive discretion; or a motion shall be filed by any Credit Party in the CCAA Proceedings for the approval of any other superpriority charge other than the DIP Charge and Administrative Charge, or there shall arise any such pari passu or senior charge without the consent of the Agent in its exclusive discretion;

(j) the US Bankruptcy Court shall enter an order or orders granting relief from the automatic stay applicable under Section 362 of the US Bankruptcy Code or the stay in the Initial Order, as applicable, to the holder or holders of any security interest to permit foreclosure or enforcement of any kind (or the granting of a deed in lieu of foreclosure or the like) on any assets of any of the Credit Parties;

(k) an order of the US Bankruptcy Court or the Court shall be entered reversing, amending, supplementing, staying for a period in excess of ten (10) days, vacating or otherwise modifying any of the Orders without the prior written consent of the Agent;

(l) at any time on or after the Restructuring Event Date, the Credit Parties shall make any payment (whether by way of adequate protection or otherwise) of principal or interest or otherwise on account of any pre-petition indebtedness or payables, other than payments authorized by the Bankruptcy Court and approved by the Agent, under (i) materialmen's, shippers, warehousemen's and other similar liens and certain other pre-petition claims in an aggregate amount not to exceed \$250,000, (ii) the payment of current interest, letter of credit fees and other fees and reimbursable costs and expenses (and the payment of all interest and fees that are accrued and unpaid as of the Restructuring Event Date) under this Agreement and the New Notes, (iii) payments in respect of prepetition claims of taxing authorities in an aggregate amount not to exceed \$250,000; (iv) the payment of pre-petition claims to certain critical vendors in an aggregate amount not to exceed \$250,000.

(m) at any time on or after the Restructuring Event Date, the occurrence of any of the following in the CCAA Proceedings:

- (i) the bringing or filing of a motion by any Credit Party, or the granting, entry or issuance of an order or ruling (which has not been withdrawn, dismissed or reversed): (A) to obtain additional financing which is not otherwise permitted pursuant to this Agreement (unless such financing is proposed to refinance and pay in full the Obligations due under this Agreement with the termination of all of the Commitments); (B) to grant any Lien other than Permitted Liens upon or affecting any Collateral without the prior written consent of Agent and Required Lenders; (C) which is materially adverse to Agent and Lenders or their rights and remedies hereunder or their interest in the Collateral;
- (ii) the filing of any plan of arrangement or information circular in connection therewith, or any direct or indirect amendment to such plan or information circular, by any of the Credit Parties to which Agent and the Required Lenders do not consent or otherwise agree to the treatment of their claims;

- (iii) the granting, entry or issuance of an order amending, supplementing, staying, vacating or otherwise modifying the Loan Documents or any of the CCAA Orders without the written consent of the Required Lenders or the bringing or filing of a motion for leave to appeal, or the appeal, of any of the CCAA Orders;
- (iv) the sale or other disposition, without the Required Lenders' consent, of all or substantially all of the assets of any Credit Party through a sale approved by the Court, through a sanctioned plan of arrangement in the CCAA Proceedings, or otherwise that does not provide for payment in full in cash of the Obligations and termination of the Commitments;
- (v) the failure of any Credit Party to perform any of its material obligations under or in the CCAA Proceedings, which adversely affects the interests of the Lenders, as reasonably determined by the Agent;

(ii) one or more judgments for the payment of money in a cumulative amount in excess of Cdn.\$250,000 (or its then equivalent in any other currency) in the aggregate is rendered against the Borrower, any other Credit Party or any combination thereof and the enforcement of such judgment is not stayed by the CCAA Proceedings and the Borrower or the other Credit Party has not (i) provided for its discharge in accordance with its terms within 30 days from the date of entry thereof, or (ii) procured a stay of execution thereof within 30 days from the date of entry thereof and within such period, or such longer period during which execution of such judgment has not been stayed, appealed such judgment and caused the execution thereof to be stayed during such appeal, provided that if enforcement and/or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period will cease to apply;

(o) any property of any Credit Party having a fair market value in excess of Cdn.\$100,000 (or its then equivalent in any other currency) in the aggregate is seized (including by way of execution, attachment, garnishment, levy or distraint); or any Lien thereon securing Indebtedness in excess of Cdn.\$100,000 (or its then equivalent in any other currency) is enforced, or such property has become subject to any charging order or equitable execution of a Governmental Authority; or any writ of execution or distress warrant or other document issued by a court of competent jurisdiction in respect of the seizure of any property exists in respect of the Borrower, any other Credit Party or the property of any of them; or any sheriff or other Person becomes lawfully entitled by operation of law or otherwise to seize or distraint upon such property, and in any such case, such action is not stayed by the CCAA Proceedings;

(p) one or more final judgments, not involving the payment of money and not otherwise specified in this Section 7.1(p), has been rendered against any Credit Party, the result of which could reasonably be expected to result in a Material Adverse Effect, and the enforcement of such judgment is not stayed by the CCAA Proceedings;

(q) this Agreement, any other Loan Document or any material obligation or other provision hereof or thereof at any time for any reason terminates or ceases to be in full force and effect and a legally valid, binding and enforceable obligation of any Credit Party, is declared to

be void or voidable or is repudiated, or the validity, binding effect, legality or enforceability hereof or thereof is at any time contested by any Credit Party, or any Credit Party denies that it has any or any further liability or obligation hereunder or thereunder or any action or proceeding is commenced to enjoin or restrain the performance or observance by any Credit Party of any material terms hereof or thereof or to question the validity or enforceability hereof or thereof, or at any time it is unlawful or impossible for any Credit Party to perform any of its material obligations hereunder or thereunder;

(r) any Lien purported to be created by any Security Document shall cease to be, or shall be asserted by any Credit Party not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) Lien in Collateral with a fair market value or book value (whichever is greater) in excess, individually or in the aggregate, of \$100,000;

(s) a Material Adverse Change shall occur;

(t) a Change in Control shall occur;

(u) if any Credit Party or any of its Subsidiaries violates any Environmental Law which results in an Action Request, Violation Notice or other notice or control order or cancellation of any license or certificate or approval, that results in any material disruption of any Credit Party's business or that could reasonably be expected to have a Material Adverse Effect;

(v) any event, circumstances or condition shall occur or exist with respect to a Pension Plan or post-retirement non-pension benefit plan that could, in the Lenders' good faith judgment, subject any Credit Party to any tax, penalty or other liabilities under Applicable Laws which could reasonably be expected to give rise to a Material Adverse Effect;

then, and in every such event, and at any time thereafter during the continuance of such event or any other such event, the Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind except as set forth earlier in this paragraph, all of which are hereby waived by the Borrower, (iii) apply any amounts outstanding to the credit of the Borrower to repayment of all amounts outstanding under this Agreement, and (iv) declare any or all of the Security Documents to be immediately enforceable.

7.2 Remedies.

(a) If an Event of Default has occurred and is continuing, the Agent may, in its discretion, and shall, at the direction of the Required Lenders, do one or more of the following at any time or times and in any order, without notice to or demand on the Borrower: (i) reduce the

- 77 -

Commitments, or the advance rates against Eligible Accounts used in computing the Borrowing Base, or reduce one or more of the other elements used in computing the Borrowing Base; (ii) restrict the amount of or refuse to make Revolving Loans; (iii) restrict or refuse to provide Letters of Credit or Letters of Credit Guarantee; (iv) terminate the Commitments and this Agreement; (v) declare any or all Obligations to be immediately due and payable; and (vi) pursue its other rights and remedies under the Loan Documents and Applicable Law and equity, including directing the Collateral Agent to enforce the Liens in respect of the CIT Priority Collateral.

(b) If an Event of Default has occurred and is continuing and without limiting any rights or remedies arising under the Security Documents, (i) the Agent or the Collateral Agent, as applicable, shall have for the benefit of the Lenders, in addition to all other rights of the Agent and the Lenders, the rights and remedies of a secured party under Applicable Law (including, as applicable, the PPSA, Civil Code of Quebec and the UCC) in the jurisdiction where the Collateral is located and all rights and remedies provided for in the Loan Documents; (ii) the Agent may, at any time, take possession of the Collateral and keep it on the Borrower's or any Guarantor's Premises, at no cost to the Agent or any Lender, or remove any part of it to such other place or places as the Agent may desire, or the Borrower or any Guarantor shall, upon the Agent's demand, at the Borrower's cost, assemble the Collateral and make it available to the Agent at a place convenient to the Agent; and (iii) the Agent may sell and deliver any Collateral at public or private sales, for cash, upon credit or otherwise, at such prices and upon such terms as the Agent deems advisable, in its sole discretion, and may postpone or adjourn any sale of the Collateral by an announcement at the time and place of sale or of such postponed or adjourned sale without giving a new notice of sale. Without in any way requiring notice to be given in the following manner, the Borrower and each of the Guarantors agree that any notice by the Agent of sale, disposition or other intended action hereunder or in connection herewith, whether required by the PPSA, Civil Code of Quebec and the UCC or otherwise, shall constitute reasonable notice to the Borrower and Guarantors if such notice is mailed by registered or certified mail, return receipt requested, postage prepaid, or is delivered personally against receipt, at least fifteen (15) days prior to such action to the Borrower's address specified in or pursuant to Section 9.1. If any Collateral is sold on terms other than payment in full at the time of sale, no credit shall be given against the Obligations until the Agent or the Lenders receive payment, and if the buyer defaults in payment, the Agent may resell the Collateral without further notice to the Borrower or any Guarantor. If the Agent seeks to take possession of all or any portion of the Collateral by judicial process, the Borrower and each of the Guarantors irrevocably waives: (A) the posting of any bond, surety or security with respect thereto which might otherwise be required; (B) any demand for possession prior to the commencement of any suit or action to recover the Collateral; and (C) any requirement that the Agent retain possession and not dispose of any Collateral until after trial or final judgment. The Borrower and each of the Guarantors agree that the Agent and Lenders have no obligation to preserve rights to the Collateral or marshal any Collateral for the benefit of any Person. To the extent permitted by applicable law, the Agent is hereby granted a license or other right to use, without charge, all of the Borrower's and each Guarantor's Property, whether or not constituting Collateral, including its real estate, Equipment and Intellectual Property Rights (including labels, patents, copyrights, name, trade secrets, trade names, trademarks, and advertising matter, or any similar property), in completing production of, advertising or selling any Collateral, and the Borrower's and

Guarantors' rights under all licenses and all franchise agreements shall inure to the Agent's benefit for such purpose. The proceeds of sale shall be applied first to all expenses of sale, including legal fees, and then to the Obligations. The Agent will return any excess to the Borrower and Guarantors and the Borrower shall remain liable for any deficiency.

(c) If an Event of Default has occurred and is continuing, to the maximum extent permitted by law, the Borrower and each of the Guarantors hereby waive all rights to notice and hearing prior to the exercise by the Agent of the Agent's rights to repossess the Collateral without judicial process or to reply, attach or levy upon the Collateral without notice or hearing.

ARTICLE 8 THE AGENT

8.1 Appointment of Agent. Each Lender hereby designates CIT Business Credit Canada Inc. as Agent to act as herein specified and as specified in the other Loan Documents. Each Lender hereby irrevocably authorizes the Agent to take such action on its behalf under the provisions of the Loan Documents and to exercise such powers and to perform such duties thereunder as are specifically delegated to or required of the Agent by the terms thereof and such other powers as are reasonably incidental thereto. The Agent may perform any of its duties hereunder by or through its agents or employees.

8.2 Limitation of Duties of Agent. The Agent shall have no duties or responsibilities except those expressly set forth with respect to the Agent in this Agreement and as specified in the other Loan Documents. Neither the Agent nor any of its Related Parties shall be liable for any action taken or omitted by it hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have, by reason of this Agreement or the other Loan Documents, a fiduciary relationship in respect of any Lender. Nothing in this Agreement or the other Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement except as expressly set forth herein. The Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to this Agreement or the other Loan Documents unless it is requested in writing to do so by the Required Lenders.

8.3 Lack of Reliance on the Agent.

(a) **Independent Investigation.** Independently, and without reliance upon the Agent, each Lender, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Borrower or any other Credit Party in connection with the taking or not taking of any action in connection herewith, and (ii) its own appraisal of the creditworthiness of the Borrower or any other Credit Party, and, except as expressly provided in this Agreement and the other Loan Documents, the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the consummation of the Transactions or at any time or times thereafter.

(b) Agent Not Responsible. The Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Agreement or the other Loan Documents or the financial condition of the Borrower and any of the other Credit Parties or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or the other Loan Documents, or the financial condition of the Borrower and any of the other Credit Parties, or the existence or possible existence of any Default or Event of Default.

8.4 Certain Rights of the Agent. If the Agent shall request instructions from the Lenders or the Required Lenders (as the case may be) with respect to any act or action (including the failure to act) in connection with this Agreement or the other Loan Documents, the Agent shall be entitled to refrain from such act or taking such action unless and until the Agent shall have received written instructions from the Lenders or the Required Lenders, as applicable, and the Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting under this Agreement and the other Loan Documents in accordance with the instructions of the Required Lenders, or, to the extent required by Section 9.2, all of the Lenders.

8.5 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or facsimile message, electronic mail, cablegram, radiogram, order or other documentary teletransmission or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. The Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

8.6 Indemnification of Agent. To the extent the Agent is not reimbursed and indemnified by the Borrower, each Lender will reimburse and indemnify the Agent, in proportion to its aggregate Applicable Percentage, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder, in any way relating to or arising out of this Agreement or any other Loan Document; provided that no Lender shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or willful misconduct.

8.7 The Agent in its Individual Capacity. With respect to its obligations under this Agreement and the Loans made by it, CIT Business Credit Canada Inc., in its capacity as a Lender hereunder, shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not performing the duties, if any, specified herein; and the terms "Lenders", "Required Lenders", and any similar terms shall, unless the context clearly

otherwise indicates, include CIT Business Credit Canada Inc., in its capacity as a Lender hereunder. The Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any affiliate of the Borrower as if it were not performing the duties, if any, specified herein, and may accept fees and other consideration from the Borrower for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

8.8 May Treat Lender as Owner. The Borrower and the Agent may deem and treat each Lender as the owner of the Loans recorded on the Register maintained pursuant to Section 9.4(c) for all purposes hereof until a written notice of the assignment or transfer thereof shall have been filed with the Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of a Loan shall be conclusive and binding on any subsequent owner, transferee or assignee of such Loan.

8.9 Successor Agent.

(a) Agent Resignation. The Agent may resign at any time by giving written notice thereof to the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, upon five Business Days' notice to the Borrower, to appoint a successor Agent, subject to the approval of the Borrower, such approval not to be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation, then, upon five Business Days' notice to the Borrower, the retiring Agent may, on behalf of the Lenders, appoint a successor Agent (subject to approval of the Borrower, such approval not to be unreasonably withheld), which shall be a financial institution organized under the laws of Canada having a combined capital and surplus of at least Cdn.\$100,000,000 or having a parent company with combined capital and surplus of at least Cdn.\$100,000,000.

(b) Rights, Powers, etc. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

8.10 No Independent Legal Action by Lenders.

No Lender may take any independent legal action to enforce any obligation of the Borrower hereunder. Each Lender hereby acknowledges that, to the extent permitted by Applicable Law, the Security Documents and the remedies provided thereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally, and further acknowledges that each Lender's rights hereunder and under the Security Documents are to be exercised collectively, not severally, by the Agent upon the decision of the Required Lenders. Accordingly, notwithstanding any of the provisions contained herein or in the Security Documents, each of the Lenders hereby covenants and agrees that it shall not be entitled to take

any action hereunder or thereunder, including any declaration of default hereunder or thereunder, but that any such action shall be taken only by the Agent with the prior written agreement of the Required Lenders, provided that, notwithstanding the foregoing, in the absence of instructions from the Lenders (or the Required Lenders) and where in the sole opinion of the Agent the exigencies of the situation so warrant such action, the Agent may without notice to or consent of the Lenders (or the Required Lenders) take such action on behalf of the Lenders as it deems appropriate or desirable in the interests of the Lenders. Each Lender hereby covenants and agrees that upon any such written consent being given by the Required Lenders, it shall cooperate fully with the Agent to the extent requested by the Agent, and each Lender further covenants and agrees that all proceeds from the realization of or under the Security Documents, to the extent permitted by Applicable Law, are held for the benefit of all of the Lenders and shall be shared among the Lenders rateably in accordance with this Agreement, and each Lender acknowledges that all costs of any such realization (including all amounts for which the Agent is required to be indemnified under the provisions hereof) shall be shared among the Lenders rateably in accordance with this Agreement. Each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, so as to fully carry out the intent and purpose of this Section and each Lender hereby covenants and agrees that it shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrower hereunder or under the other Loan Documents, or any other document, instrument, writing or agreement ancillary hereto or thereto, other than such security as is provided hereunder or thereunder, and that it shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Credit(s), unless all of the Lenders shall at the same time obtain the benefit of any such security or agreement, as the case may be.

8.11 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless the Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Lenders of its receipt of any such notice. Subject to Section 8.4, the Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with this Agreement in pursuing any rights or remedies under the Loan Documents or at law or in equity; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable.

8.12 Agency for Perfection. Each Lender hereby appoints each other Lender as agent for the purpose of perfecting the Lenders' security interest in assets which can be perfected only by possession. Should any Lender (other than the Agent) obtain possession of any such Collateral, such Lender shall notify the Agent thereof, and, promptly upon the Agent's request therefor, shall deliver such Collateral to the Agent or in accordance with the Agent's instructions.

8.13 Payments by Agent to Lenders. All payments to be made by the Agent to the Lenders shall be made by bank wire transfer or internal transfer of immediately available funds to each Lender pursuant to wire transfer instructions delivered in writing to the Agent on or prior to the Closing Date (or if such Lender is an Assignee, on the applicable Assignment and Transfer), or

pursuant to such other wire transfer instructions as each party may designate for itself by written notice to the Agent. Concurrently with each such payment, the Agent shall identify whether such payment (or any portion thereof) represents principal, premium or interest on the Revolving Loans or otherwise.

8.14 Concerning the Collateral and the Related Loan Documents. Each Lender authorizes and directs the Agent to enter into this Agreement and the other Loan Documents for the rateable benefit and obligation of the Agent and the Lenders. Each Lender agrees that any action taken by the Agent or Required Lenders, as applicable, in accordance with the terms of this Agreement or the other Loan Documents, and the exercise by the Agent or the Required Lenders, as applicable, of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

8.15 Field Audit and Examination Reports; Disclaimer by Lenders. By signing this Agreement, each Lender:

(a) is deemed to have requested that the Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report (each a "Report" and collectively, "Reports") prepared by the Agent;

(b) expressly agrees and acknowledges that the Agent (i) makes no representation or warranty as to the accuracy of any Report, or (ii) shall not be liable for any information contained in any Report;

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Agent or other party performing any audit or examination will inspect only specific information regarding the Borrower and/or Guarantors and will rely significantly upon the Borrower's and Guarantor's books and records, as well as on representations of the Borrower's and Guarantor's personnel;

(d) agrees to keep all Reports confidential and strictly for its internal use, and not to distribute, except to its participants, or use any Report in any other manner; and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold the Agent and any such other Lender preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to the Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of the Borrower; and (ii) to pay and protect, and indemnify, defend and hold the Agent and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses and other amounts (including counsel's costs) incurred by the Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

8.16 Quebec Security. For greater certainty, and without limiting the powers of the Agent or any other Person acting as an agent or mandatary for the Agent hereunder or under any of the

other Loan Documents, the Borrower hereby acknowledges that, for purposes of holding any security granted by the Borrower or any other Credit Party on property pursuant to the laws of the Province of Quebec to secure obligations of the Borrower or any other Credit Party under any bond or debenture, the Collateral Agent shall be the holder of an irrevocable power of attorney (*fondé de pouvoir*) (within the meaning of the *Civil Code of Quebec*) for all present and future Lenders and Issuing Banks and in particular for all present and future holders of any such bond or debenture. Each Lender and Issuing Bank hereby confirms and ratify the appointment of the Collateral Agent as *fondé de pouvoir* under the Collateral Agency Agreement and, for greater certainty, hereby irrevocably constitutes, to the extent necessary, the Collateral Agent as the holder of an irrevocable power of attorney (*fondé de pouvoir*) (within the meaning of Article 2692 of the *Civil Code of Quebec*) in order to hold security granted by the Borrower or any other Credit Party in the Province of Quebec to secure the obligations of the Borrower or any other Credit Party under any bond or debenture. Each assignee of a Lender or Issuing Bank shall be deemed to have confirmed and ratified the constitution of the Collateral Agent as the holder of such irrevocable power of attorney (*fondé de pouvoir*) by execution of an Assignment and Assumption or any other document pursuant to which they become a party to this Agreement. Notwithstanding the provisions of section 32 of the *An Act respecting the special powers of legal persons* (Quebec), the Collateral Agent may acquire and be the holder of any bond or debenture. The Borrower hereby acknowledges that such bond or debenture constitutes a title of indebtedness, as such term is used in Article 2692 of the *Civil Code of Quebec*. The execution by the Collateral Agent as *fondé de pouvoir* of any deeds of hypothec or other documents prior to the date hereof is hereby ratified and confirmed. Each Lender and Issuing Bank also agree that the Agent or the Collateral Agent may hold any bond or debenture issued by the Borrower or any other Credit Party, including as named bondholder or debentureholder or as pledge on their behalf in accordance with Article 2705 of the *Civil Code of Quebec*. The Collateral Agent acting as *fondé de pouvoir* shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favour of the Agent in this Agreement, which shall apply *mutatis mutandis* to the Collateral Agent acting as *fondé de pouvoir*. Without limitation, the provisions of this Section 8.11 shall apply *mutatis mutandis* to the resignation and appointment of a successor to the Collateral Agent acting as *fondé de pouvoir*.

ARTICLE 9 MISCELLANEOUS

9.1 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile in each case to the addressee, as follows:

- (i) if to the Borrower or any other Credit Party:

CANWEST MEDIA INC.
 201 Portage Avenue
 Can West Global Place
 31st Floor
 Winnipeg, Manitoba R3B 3L7
 Attention: Chief Financial Officer
 Facsimile: (204) 947-9841

- (ii) if to the Agent:

CIT BUSINESS CREDIT CANADA INC.
 207 Queen's Quay West, Suite 700
 Toronto, Ontario M5J 1A7
 Attention: Chief Credit Officer
 Facsimile: (416) 507-5100

(iii) if to any Lender or any Issuing Bank, to it at its address (or facsimile number) set forth opposite its name in the execution page(s) of this Agreement or the applicable Assignment and Assumption Agreement, as the case may be.

(b) Any notice received by the Borrower from the Agent shall be deemed also to have been received by each other Credit Party. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Agent. The Agent or the Borrower may, in its discretion, agree to accept notices and other communication to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

9.2 Waivers; Amendments.

(a) No failure or delay by the Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 9.2(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be

construed as a waiver of any Default, regardless of whether the Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document (or any provision hereof or thereof) may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Agent with the consent of the Required Lenders (and for greater certainty, any such waiver, amendment or modification shall not require any consent or other agreement of any Credit Party other than the Borrower, notwithstanding that any such Credit Party may be a party to this Agreement or any other Loan Document); provided that no such agreement shall:

- (i) increase the amount or extend the expiry date of any Commitment of any Lender;
- (ii) reduce the principal amount of any Loan or reduce the rate of interest or any fee applicable to any Loan;
- (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable in respect thereof, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment;
- (iv) change any aspect of this Agreement in a manner that would alter the *pro rata* sharing of payments required herein;
- (v) change any of the provisions of this Section 9.2 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder;
- (vi) waive any Event of Default under Section 7.1(h), (i) or (j); or
- (vii) release the Borrower or any other Credit Party from any material obligations under the Security Documents and other instruments contemplated by this Agreement, release or discharge any of the Liens arising under the Security Documents, permit the creation of any Liens, other than Permitted Liens, on any of the assets subject to the Liens arising under the Security Documents, lower the priority of any Lien arising under any of the Security Documents, or lower the priority of any payment obligation of the Borrower or any other Credit Party under any of the Loan Documents;

in each case without the prior written consent of each Lender; or, in the case of the matters referred to in clauses (i), (ii), (iii) and (iv), without the prior written consent of each Lender directly affected thereby and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent hereunder, without the prior written consent of the Agent. For greater certainty, the Agent may release and discharge the Liens constituted by

the Security Documents to the extent necessary to enable the Borrower to complete any asset sale which is not prohibited by this Agreement or the other Loan Documents. Any waiver, amendment or modification approved by the Required Lenders in accordance with this Section 9.2(b) is binding on all Lenders.

9.3 Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable Out-of-Pocket Expenses incurred by the Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agent and all applicable Taxes, in connection with the syndication of the credit facilities provided for herein and the preparation and administration of this Agreement and the other Loan Documents, (ii) all reasonable Out-of-Pocket Expenses incurred by the Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agent and applicable Taxes, in connection with any amendments, modifications or waivers of the provisions hereof or of any of the other Loan Documents, (whether or not the transactions contemplated hereby or thereby shall be consummated), and (iii) all Out-of-Pocket Expenses incurred by the Agent or any Lender, including the fees, charges and disbursements of any counsel for the Agent or any Lender and all applicable Taxes, in connection with the enforcement or protection of their rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such Out-of-Pocket Expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Each Credit Party shall indemnify the Agent and each Lender, as well as each Related Party and each assignee of any of the foregoing Persons (each such Person and each such assignee being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all Out-of-Pocket Expenses and all applicable Taxes to which any Indemnitee may become subject arising out of or in connection with (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder, and the consummation of the Transactions or any other transactions thereunder, (ii) any Loan or Letter of Credit or any actual or proposed use of the proceeds therefrom, including any refusal by the Issuing Bank to honour a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any other Credit Party, or any Environmental Liability related in any way to the Borrower or any other Credit Party, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto, (v) any other aspect of this Agreement and the other Loan Documents, or (vi) the enforcement of any Indemnitee's rights hereunder and any related investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of or material breach of this Agreement by such Indemnitee.

- 87 -

(c) To the extent that the Borrower fails to pay any amount required to be paid under Sections 9.3 (a) or (b), each Lender severally agrees to pay to the Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent, in its capacity as such.

(d) The Credit Parties shall not assert, and hereby waive (to the fullest extent permitted by Applicable Law), any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Loan Document, or any agreement or instrument contemplated thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) Any inspection of any property of the Borrower or any other Credit Party made by or through the Agent or any Lender is for purposes of administration of the Credits only, and neither the Borrower nor any other Credit Party is entitled to rely upon the same (whether or not such inspections are at the expense of the Borrower).

(f) By accepting or approving anything required to be observed, performed, fulfilled or given to the Agent or the Lenders pursuant to the Loan Documents, neither the Agent nor the Lenders shall be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by the Agent or the Lenders.

(g) The relationship between the Borrower and the Agent and the Lenders is, and shall at all times remain, solely that of borrower and lenders. Neither the Agent nor the Lenders shall under any circumstance be construed to be partners or joint venturers of the Borrower or its Affiliates. Neither the Agent nor the Lenders shall under any circumstance be deemed to be in a relationship of confidence or trust or a fiduciary relationship with the Borrower or its Affiliates, or to owe any fiduciary duty to the Borrower or its Affiliates. Neither the Agent nor the Lenders undertake or assume any responsibility or duty to the Borrower or its Affiliates to select, review, inspect, supervise, pass judgment upon or inform the Borrower or its Affiliates of any matter in connection with their property or the operations of the Borrower or its Affiliates. The Borrower and its Affiliates and all Shareholders and all direct and indirect shareholders of the Credit Parties shall rely entirely upon their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Agent or the Lenders in connection with such matters is solely for the protection of the Agent and the Lenders, and neither the Borrower nor any other Person is entitled to rely thereon.

(h) The Agent and the Lenders shall not be responsible or liable to any Person for any loss, damage, liability or claim of any kind relating to injury or death to Persons or damage to Property caused by the actions, inaction or negligence of the Borrower or any other Credit Party and/or their Affiliates and/or any Shareholder and/or any direct or indirect shareholder of any Credit Party; each Credit Party hereby indemnifies and holds the Agent and the Lenders harmless from any such loss, damage, liability or claim.

(i) This Agreement is made for the purpose of defining and setting forth certain obligations, rights and duties of the Borrower, the Agent and the Lenders in connection with the Loans, and is made for the sole benefit of the Borrower, each other Credit Party, the Agent and the Lenders, and the Agent's and each Lender's successors and assigns. Except as provided in Sections 9.3(b) and 9.4, no other Person shall have any rights of any nature hereunder or by reason hereof.

(j) All amounts due under this Section 9.3 shall be payable not later than three Business Days after written demand therefor.

9.4 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void), and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) except in the case of an assignment of (x) any Commitment to an assignee that is a Lender with a Commitment immediately prior to giving effect to such assignment, each of the Agent and the Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed) by the Borrower; and provided further that (ii) notwithstanding clause (i) immediately above, the Borrower's consent shall not be required with respect to any assignment made at any time after the occurrence and during the continuance of an Event of Default, (iii) except in the case of an assignment to a Lender or a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date on which the Assignment and Assumption relating to such assignment is delivered to the Agent) shall not be less than Cdn.\$1,000,000 (or, in the case of a U.S. Dollar-denominated Commitment, the U.S. \$ Equivalent of Cdn.\$1,000,000), unless each of the Borrower and the Agent otherwise consent in writing and the amount held by each Lender after each such assignment shall not be less than Canadian \$1,000,000 (or, in the case of a U.S. Dollar-denominated Commitment, the U.S. \$ Equivalent of Cdn.\$1,000,000), unless each of the Borrower and the Agent otherwise consent in writing, (iv) each partial assignment in respect of a Commitment and the related Loans shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement in respect of such Commitment and the related Loans, (v) the parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with (except in the case of an assignment to a Lender or a Lender Affiliate) a processing and recordation fee of Cdn.\$3,500, payable by the assigning Lender, and (vi) the assignee, if it shall

not be a Lender, shall deliver to the Agent an Administrative Questionnaire. The Agent shall provide the Borrower and each Lender with written notice of any change in (or new) address of a Lender disclosed in an Administrative Questionnaire. Subject to acceptance and recording thereof pursuant to Section 9.4(d), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, shall have all of the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.14 and 9.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.4 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 9.4(e).

(c) The Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in Toronto, Ontario a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and the amount of the Reimbursement Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Agent, and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 9.4(b) and any written consent to such assignment required by Section 9.4(b), the Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 9.4(d).

(e) Any Lender may, without notice to the Borrower or the consent of the Borrower or the Agent, sell participations to one or more Persons (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Agent, and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to

any amendment, modification or waiver described in the first proviso to Section 9.2(b) that affects such Participant. Subject to Section 9.4(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12, and 2.14 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to this Section 9.4(b). To the extent permitted by Applicable Law, each Participant also shall be entitled to the benefits of Section 9.8 as though it were a Lender, provided that such Participant agrees to be subject to Section 2.15(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.14 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.14 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.14(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and Section 9.4 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

9.5 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. Sections 2.12, 2.14 and 9.3 and Article 8 shall survive and remain in full force and effect, regardless of the consummation of the Transactions, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

9.6 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other

parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed original counterpart of a signature page of this Agreement by facsimile or other electronically scanned method of delivery shall be as effective as delivery of a manually executed original counterpart of this Agreement.

9.7 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

9.8 Right of Set-Off. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Credit Party against any of and all of the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of set off) which such Lender may have.

9.9 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the Laws of the Province of Ontario.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Courts of the Province of Ontario, and any appellate court thereof, in any action or proceeding arising out of or relating to this Agreement, or any other Loan Document or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in Ontario. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law. Nothing in this Agreement shall affect any right that the Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any other jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in this Section 9.9. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any *forum non conveniens* defence to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by Applicable Law.

9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

9.12 Confidentiality. Each of the Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to each of their, and each of their Affiliates', directors, officers, employees, agents and advisors, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any rating agency, regulatory authority or other Governmental Authority, or their legal counsel, (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under any Loan Document or any suit, action or proceeding relating to any Loan Document or the enforcement of rights thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any actual or prospective assignee of or Participant (or such assignee's or Participant's advisors) in any of its rights or obligations under this Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) any financial institution (other than as otherwise identified in this Section 9.12), credit reporting agency or credit bureau, (h) any Person with whom the Borrower or any other Credit Party may have or proposes to have material financial dealings, or (i) with the consent of the Borrower. For greater certainty, the Borrower and each of the Credit Parties acknowledges that from time to time as a result of the co-ownership of the Agent by CIT Financial Limited and Canadian Imperial Bank of Commerce ("CIBC"), the Borrower or any other Credit Party may request the Agent to facilitate the provision of certain financial services offered by CIBC (the "CIBC Services"). In such circumstances, CIBC policies and procedures ("CIBC's Policies") will apply in respect of all transactions undertaken by CIBC in connection with the provision of the