

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

(the "Applicants")

**MOTION RECORD  
(returnable APRIL 29, 2011)  
(Stay Extension, KERP Amendment, and Franchisor Charge)**

April 21, 2011

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TO: **ATTACHED SERVICE LIST**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

(the "Applicants")

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(as at April 21, 2011)**

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# INDEX

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(the "Applicants")

**INDEX**

| <b>Tab</b> | <b>Document</b>                                     | <b>Page</b> |
|------------|---|-------------|
| 1          | Notice of Motion                                    | 1           |
| 2          | Affidavit of Deborah Papernick sworn April 21, 2011 | 7           |
| A          | Exhibit "A" - Initial Order dated March 31, 2011    | 21          |
| 3          | Draft Order   | 53          |



# TAB 1

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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INC. AND KIT FINANCE INC.

(the "**Applicants**")

**NOTICE OF MOTION  
(returnable April 29, 2011)  
(To Extend Stay Period, Amend KERP, and Grant Franchisor Charge)**

Priszm Income Fund, Priszm Canadian Operating Trust, Priszm Inc. ("**Priszm GP**"), Priszm Limited Partnership ("**Priszm LP**") and Kit Finance Inc. (collectively, the "**Priszm Entities**") will make a motion to a judge presiding over the Commercial List on Friday, April 29, 2011 at 10 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:**

The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order substantially in the form attached at Tab 3 of the Motion Record, among other things:
  - (a) if necessary, abridging the time for service of this Notice of Motion and dispensing with service on any person other than those served;

- (b) extending the Stay Period (as defined in paragraph 14 of the Initial Order of the Honourable Mr. Justice Morawetz dated March 31, 2011 (the “**Initial Order**”)) until and including June 30, 2011;
- (c) approving certain amendments to the Key Employee Retention Plans (“**KERPs**”) as described below;
- (d) granting a charge (the “**Franchisor Charge**”) in favour of Yum! Restaurants International (Canada) LP (the “**Franchisor**”) on the Property (as defined in the Initial Order) as security for the post-filing continuing fees payable pursuant to the Franchise Agreement (as defined in the affidavit of Deborah Papernick sworn March 31, 2011); and
- (e) granting such further and other relief as counsel may request and this Honourable Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

1. Prizm LP is a franchisee of the Franchisor and is Canada’s largest independent quick service restaurant operator, operating 428 KFC, Taco Bell and Pizza Hut franchises;
2. Partially as a result of same store sales declines, the Prizm Entities experienced financial performance in fiscal years 2009 and 2010 that was below prior years’ performance and budgeted expectations and consequently sought ways to restructure or refinance their debt;
3. In September 2010, the Prizm Entities commenced a sales process in an effort to divest some of their restaurants, which culminated in an agreement of purchase and sale between the Prizm Entities and Soul Restaurants Canada Inc. with respect to the sale of 232 operating restaurants in Ontario and British Columbia

(subsequently reduced to 231 with no corresponding reduction in the purchase price) (the “**Soul Agreement**”);

4. Pursuant to an agreement dated February 1, 2011, Priszm LP, Priszm GP and Prudential Investment Management, Inc. (“**Prudential**”), agreed that the Priszm Entities will conduct a sales process for the Priszm Entities’ restaurants not forming part of the Soul Agreement (the “**Sales Process**”);

5. On March 31, 2011, the Priszm Entities were granted protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”);

Extension of the Stay Period

6. The Initial Order granted a stay of proceedings up to and including April 29, 2011, or such later date as this Court may order;

7. Since commencement of the CCAA proceedings, the Priszm Entities have been operating their businesses in the normal course, subject to the terms of the Initial Order;

8. The Priszm Entities continue to negotiate the transaction contemplated by the Soul Agreement (the “**Soul Transaction**”) and plan to bring a motion for approval of the Soul Agreement and the Soul Transaction in the short term;

9. The Priszm Entities continue to work diligently to implement the Sales Process and plan to bring a motion for approval of the Sales Process in the short term;

10. The extension of the Stay Period is necessary to provide the Priszm Entities time to complete the Soul Transaction and implement the Sales Process, thereby securing a going concern solution for their business, their approximately 6,500 employees and numerous suppliers, landlords and other creditors and maximizing recovery for the Priszm Entities’ stakeholders;

Amendment of the Key Employee Retention Plans

11. Prior to the commencement of and in order to ensure retention of key personnel during the CCAA proceedings, the Prizm Entities offered 41 key personnel retention bonuses;
12. Under the terms of the KERPs, in order to receive the retention bonuses the KERP participants cannot have resigned, been terminated with cause or have failed to perform their duties and responsibilities diligently, faithfully or honestly;
13. Since March 31, 2011, three of the KERP participants have resigned from the Prizm Entities and as a result, those participants have forfeited their entitlements to their KERPs;
14. In an attempt to minimize future departures, the Prizm Entities plan to reallocate the bonuses forfeited by the KERP participants who have resigned to certain of the remaining KERP participants as additional incentives to continue their employment with the Prizm Entities;
15. The Monitor supports the proposed reallocation;

Franchisor Charge

16. Since December 2010, Prizm LP has not paid continuing fees payable to the Franchisor;
17. The Franchisor has agreed to continue to defer collecting the continuing fees until the sale of the outlets to which such fees relate and to waive interest payable with respect to same in exchange for the granting of the Court-ordered Franchisor Charge;

18. The Franchisor Charge will rank behind the Administration Charge and the Critical Supplier Charge and ahead of the DIP Charge and the Directors' Charge (as those terms are defined in the Initial Order);

19. It is not expected that the Franchisor Charge will have any detrimental effect on the beneficiaries of the DIP Charge or the Directors' Charge because the Prizm Entities' cashflow will be increased by the amount of the deferred continuing fees and the Franchisor has agreed to waive any interest;

20. The DIP Lender (as defined in the Initial Order) does not oppose the Franchisor Charge;

General

21. Sections 11.02 and 11.52 of the CCAA;

22. The inherent and equitable jurisdiction of this Court;

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

24. Such further grounds as counsel may advise and this Court may see fit.

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

(a) The Affidavit of Deborah Papernick, sworn April 21, 2011 and the exhibits thereto;

(b) The First Report of the Monitor, to be filed; and

(c) Such further and other materials as counsel may advise and this Honourable Court may permit.

April 21, 2011

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

Court File No: CV-11-9159-00CL

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

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**NOTICE OF MOTION**  
**(RETURNABLE APRIL 29, 2011)**

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# TAB 2

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
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PRISZM INC. AND KIT FINANCE INC.

(the "Applicants")

**AFFIDAVIT OF DEBORAH PAPERINICK  
(Sworn April 21, 2011 re Motion to Extend Stay Period,  
Amend KERP, and Grant Franchisor Charge)**

I, Deborah Papernick, of the City of Thornhill, Province of Ontario, MAKE  
OATH AND SAY:

1. I am the Chief Financial Officer of the Applicant Prizm Inc. ("Prizm GP") and the Court-appointed Chief Restructuring Officer of the Prizm Entities (as defined below) and as such have knowledge of the matters to which I hereinafter depose, except where otherwise stated.

2. This affidavit is sworn in support of a motion brought by Prizm Income Fund, Prizm Canadian Operation Trust, Prizm GP, Kit Finance Inc. (collectively, the "Applicants") and Prizm Limited Partnership ("Prizm LP", and together with the Applicants, the "Prizm Entities") for an order: (a) extending the Stay Period (as defined below) until June 30, 2011; (b) authorizing the Prizm Entities to reallocate

funds payable to certain of their employees under the KERPs (as defined below); and (c) granting the Franchisor Charge (as defined below).

## **BACKGROUND**

3. Prizm LP is a franchisee of Yum! Restaurants International (Canada) LP (the "Franchisor") and is Canada's largest independent quick service restaurant operator. Prizm LP is the largest operator of the KFC concept in Canada, accounting for approximately 60% of all KFC product sales in Canada.

4. Prizm LP operates 428 KFC, Taco Bell and Pizza Hut restaurants. Prizm LP experienced significant same store sales declines in 2009 and 2010. As a result of the same store sales declines, the Prizm Entities experienced financial performance in FY2009 and FY2010 that was below both prior years' performance and budgeted expectations.

5. As a result of slower than forecast sales during the third quarter of the 2010 fiscal year, on September 5, 2010, Prizm Fund breached a covenant under its senior secured indebtedness (the "Prudential Loan") with Prudential Investment Management, Inc., and each Prudential affiliate a party thereto (collectively, "Prudential"), and remains in non-compliance today. As a result of the non-compliance, both tranches of the Prudential Loan became callable by Prudential. The Prizm Entities have subsequently failed to make the interest payments due since December 2010.

6. Prizm Income Fund also failed to make an interest payment of \$0.975 million due on December 31, 2010 with respect to its subordinated debentures due June 30, 2012 and remains in default of its interest payment obligations.

7. The Prizm Entities also ceased paying certain obligations to the Franchisor as they became due. Among other things, Prizm LP failed to make the continuing fee payments pursuant to the agreement with the Franchisor (the "Franchise Agreement") since December 2010. Prizm LP has defaulted in its obligation to complete upgrades to a number of restaurants as required under the Franchise Agreement.

8. Following various unsuccessful efforts to restructure or refinance their debt, the Prizm Entities sought and were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to an initial order of the Ontario Superior Court of Justice dated March 31, 2011 (the "Initial Order"). FTI Consulting Canada Inc. was appointed as monitor of the Prizm Entities (the "Monitor") in this CCAA proceeding. A copy of the Initial Order is attached as Exhibit "A" and it and all other filings in the CCAA proceedings are available on the Monitor's website at: <http://cfcanada.fticonsulting.com/prizm>.

9. Further details regarding the background to this CCAA proceeding are set out in the affidavit sworn by me on March 31, 2011 (the "Initial Order Affidavit") and, unless relevant to the present motion, are not repeated herein. Capitalized terms used herein

but not otherwise defined have the meanings ascribed to them in the Initial Order Affidavit.

### **PRISZM PROPERTIES**

10. Prizm Properties is a division of Prizm LP. Prizm Properties acquired a licence for the Canadian radio rights to the National Football League during the fall of 2003. The licence permits the broadcast of approximately 55 games per season, including play-offs and the Superbowl.

11. Prizm Properties has contracted with four broadcasters to broadcast the games on 14 stations across Canada. The arrangement with the broadcasters provides that the broadcasters are responsible for broadcasting the games and in exchange receive the right to 50% of the advertising spots.

12. The remaining 50% of the advertising spots have previously been used by Prizm LP or sold by Prizm Properties to third parties. In addition, the broadcast is branded by KFC and Prizm Properties is granted ten promotion spots on each of the 14 stations. Prizm LP estimates that the value of the branding and promotion spots has a value of approximately \$250,000 per year.

13. The current license is for 2009, 2010, and 2011 and expires in March 2012. It is currently unknown whether the NFL will operate during the 2011 season due to

ongoing labour issues between the league and the union.

14. In or about 2003, Prizm Properties built a radio booth studio at Gretzky's Restaurant in downtown Toronto and has a licence with the restaurant to produce a radio sports talk show "Live From Gretzky's" from that location 38 weeks per year, from mid-September to mid-June during the hockey season. Prizm Properties hires about six contractors to produce the show.

15. The licence with Gretzky's Restaurant expires on the last day of 2011/2012 National Hockey League season.

16. The Prizm Entities are currently in the process of attempting to assess whether these assets may have any realizable value.

## EXTENSION OF THE STAY PERIOD

### *Status of the CCAA Proceedings*

17. Since the commencement of the CCAA proceedings, the Prizm Entities have continued operating their business as a going concern in the ordinary course and have worked diligently to, *inter alia*, move the Soul Transaction to closing and advance the Sales Process (as defined and described in greater detail below).

18. With the assistance of the Monitor, the Prizm Entities have also been communicating and dealing with their various stakeholders, including the Franchisor, their suppliers, and employees, from an operational perspective.

### *Sale to Soul Restaurants Canada Inc.*

19. As described in, *inter alia*, the Initial Order Affidavit, in September 2010, the Prizm Entities commenced a sales process in an effort to divest some of their restaurants which resulted in an agreement of purchase and sale with Soul Restaurants Canada Inc. (the "Purchaser") with respect to the sale of 232 (subsequently reduced to 231 with no corresponding reduction in the purchase price) operating restaurants in Ontario and British Columbia, as amended (the "Soul Agreement").

20. Since the commencement of the CCAA proceedings, the Prizm Entities have

engaged in extensive negotiations with the Purchaser and worked diligently to close the transaction contemplated by the Soul Agreement (the "Soul Transaction"). As a result, the Prizm Entities are hopeful of bringing a motion to Court seeking approval of the Soul Agreement and the Soul Transaction shortly.

*Sales Process with Respect to the Prizm Entities' Remaining Restaurants*

21. Also as described in the Initial Order Affidavit, Prizm LP, Prizm GP, Kit Finance Inc. and Prudential entered into an agreement dated February 1, 2011 (the "Sales Process Agreement") pursuant to which the Prizm Entities agreed to conduct a sales process for the Prizm restaurants not forming part of the Soul Transaction (the "Remaining Restaurants") and to use their best commercial efforts to comply with the sale process described in the Sales Process Agreement (the "Sales Process").

22. On February 10, 2011, Prizm Fund retained Canaccord Genuity ("Genuity") to act as financial advisor and sales agent in connection with the potential sale of some or all of its restaurants and commenced the Sales Process.

23. A number of expressions of interest were received by the Prizm Entities on or before March 22, 2011, the deadline set out in the Sales Process Agreement. These expressions of interest in the aggregate encompass all of the Remaining Restaurants. In order to preserve the integrity of the Sales Process, and in order to maximize enterprise value, details of the expressions of interest will not be disclosed at this time.



24. The Prizm Entities continue to work diligently with Genuity, the Monitor and Prudential to implement the Sales Process according to the terms of the Sales Process Agreement and will be bringing a motion to Court seeking approval thereof shortly.

***Stay Period Should Be Extended***

25. The Initial Order granted a stay of proceedings up to and including April 29, 2011, or such later date as this Court may order (the "Stay Period").

26. As described above, since the granting of the Initial Order, the Prizm Entities have worked diligently to, *inter alia*, move the Soul Transaction to closing and advance the Sales Process.

27. An extension of the stay of proceedings until June 30, 2011 is necessary in order to give the Prizm Entities the time required to complete the Soul Transaction and implement the Sales Process and thereby secure a going concern solution for the business, its approximately 6,500 employees and numerous suppliers, landlords and other creditors and maximize recovery for the Prizm Entities' stakeholders. The stability provided by the stay of proceedings is critical to the Prizm Entities in order to be able to continue their daily operations and sales efforts.

28. With the assistance of the Monitor, the Prizm Entities have prepared a revised Consolidated Cash Flow Forecast for the period from April 18, 2011 to July 3, 2011 (the

"April 18 Forecast") that forecasts the Prizm Entities' receipts, disbursements and financing requirements. I understand a copy of the April 18 Forecast will be attached to the First Report of the Monitor to be served and filed prior to the return of this motion.

29. The Cashflow Forecast estimates that for the period from April 18, 2011 to July 3, 2011, the Prizm Entities will have total receipts of \$96 million and total operating disbursements of \$96 million for net cash flow of \$0.

30. The Prizm Entities' DIP Facility currently expires on May 20, 2011. The Prizm Entities sought an extension of the term of the DIP Facility to match the requested Stay Period. The DIP Lender has declined to extend the term of the DIP Facility pending the anticipated closing of the Soul Transaction. Notwithstanding the fact that the term of the DIP Facility is not being extended at this time, the Cashflow Forecast demonstrates that the DIP Facility is unlikely to be required in any event and the Prizm Entities have adequate cashflow to continue to operate in the normal course and meet their post-filing obligations as they come due.

31. The Prizm Entities have acted and continue to act in good faith and with due diligence. I do not believe that any creditor will suffer any material prejudice if the Stay Period is extended as requested.

32. It is my understanding that the Monitor supports the extension of the Stay Period to June 30, 2011, and that Prudential and the Franchisor are not opposing the extension.

**REALLOCATION OF FUNDS PAYABLE UNDER THE KERPS**

33. Prior to the commencement of the CCAA proceedings and in order to ensure retention of key personnel while the Prizm Entities attempted to refinance, restructure and sell their business, the Prizm Entities offered 41 key personnel retention bonuses (the "KERPs").

34. The KERPs were the subject of extensive negotiations between the Board of Directors of Prizm GP, the KERP participants, and Prudential.

35. The amounts payable to the KERP participants who are members of senior management will be paid upon the earlier of (a) the closing of one or more transactions pursuant to which all of the Prizm Entities' restaurants are sold, restructured and/or closed, and (b) August 31, 2011.

36. The amounts payable to the KERP participants who are not members of senior management will be paid upon the earlier of (a) the date on which they are informed in writing that their employment is no longer required by Prizm, and (b) July 31, 2011 (and with respect to one employee who had previously negotiated an agreement with the Prizm Entities, April 30, 2011).

37. As security for their obligations under the KERPs, the Prizm Entities established trusts in favour of the KERP participants.

38. Under the terms of the KERPs, in order to receive the incentive bonuses, the KERP participants cannot have resigned, been terminated with cause or have failed to perform their duties and responsibilities diligently, faithfully or honestly. The existing terms of employment continue for the KERP participants during the CCAA proceedings.

39. Since March 31, 2011, three of the KERP participants have resigned from the Prizm Entities notwithstanding the existence of the KERPs. As a result, those participants have forfeited their entitlement to their KERPs. In order to attempt to minimize the risk of further departures during this critical time, the Prizm Entities would like to reallocate the funds which have been forfeited by the KERP participants who have resigned to certain of the remaining KERP participants (none of whom are members of senior management) as an additional incentive to continue their employment with the Prizm Entities.

40. Management believes that the amount of the forfeited funds is significantly less than the cost which would result if these employees left and had to be replaced.

41. I understand that the Monitor is supportive of the proposed reallocation.

## THE FRANCHISOR CHARGE

42. As described in greater detail in the Initial Order Affidavit, in its continuing efforts to conserve cash, Prizm LP withheld payment of the continuing fees payable to the Franchisor on December 7, 2010 and has failed to pay the continuing fees to the Franchisor since.

43. Continuing fees are payable monthly. The first post-filing payment is due April 27, 2011. In the Initial Order Affidavit, I stated that the Prizm Entities did not intend to pay the continuing fees to the Franchisor during the CCAA proceedings. That statement was based on the existence of a pre-filing agreement between the Franchisor and Prudential.

44. I am informed by Maria Konyukhova, counsel to Prizm Entities, and do verily believe, that the Franchisor has agreed to continue to defer collection of the continuing fees accruing post-filing until the sale of the outlets to which such fees relate and to waive all interest payable with respect to same in exchange for a Court-ordered charge to secure payment of the post-filing continuing fees (the "Franchisor Charge"). It is proposed that the Franchisor will be paid the post-filing continuing fees that relate to a particular outlet at the time of closing of the sale of such outlet. The Franchisor Charge will rank behind the Administration Charge and the Critical Supplier Charge and ahead

of the DIP Charge and the Directors' Charge (as such terms are defined in the Initial Order).

45. Although the Franchisor Charge will rank ahead of the DIP Charge and the Directors' Charge, which is a change from the priority established in the Initial Order, it is not anticipated that the creation of the Franchisor Charge will have a detrimental effect on the beneficiaries of the DIP Charge or the Directors' Charge because the Prizm Entities' cashflow will be increased by the amount of the deferred continuing fees and the Franchisor has agreed to waive any interest payable with respect to such fees. In addition, the deferral of continuing fees is beneficial because it makes the potential need to draw down on the DIP Amendment (as defined in the Initial Order) that much less likely.

46. It is my understanding that the DIP Lender has consented to the granting of the Franchisor Charge.

#### **SCHEDULE "A" TO THE INITIAL ORDER**

47. Following the hearing of the Prizm Entities' application for protection under the CCAA and the granting of the Initial Order, counsel for the nine Sysco entities listed in Section A) Suppliers of Feed and Restaurant Consumables in Schedule "A" to the Initial Order advised that the listed Sysco entities are not or are no longer the entities supplying the Prizm Entities. The Prizm Entities were also advised that Belleville

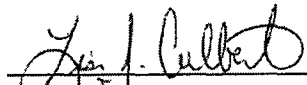
Utilities Comm. listed in Section C) Utility Service Providers in Schedule "A" to the Initial Order should be listed as the City of Belleville.


48. Accordingly, the Prizm Entities seek to amend Schedule "A" to the Initial Order to replace the listing of the Sysco entities with the following two entities: Sysco Food Services of Canada, Inc. and Sysco Food Services of Vancouver, Inc. and replace the listing of Belleville Utilities Comm. with the City of Belleville.

**CONCLUSION**

49. This affidavit is sworn in support of the Prizm Entities' motion for an Order, *inter alia*, (a) extending the Stay Period (as defined below) until June 30, 2011; (b) authorizing the Prizm Entities to reallocate funds payable to certain of their employees under the KERPs; and (c) granting the Franchisor Charge, and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on April 21, 2011.

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

  
\_\_\_\_\_  
Deborah Papernick

**Lisa Jean Culbert, a Commissioner, etc.,  
Province of Ontario, with a Commission to Take Affidavits  
Expires May 5, 2012.**

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

Court File No: CV-11-9159-00CL

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**AFFIDAVIT OF DEBORAH PAPERICK  
(Sworn April 21, 2011)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
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**Ashley John Taylor** LSUC#: 39932E  
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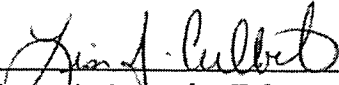
**Kathryn Esaw** LSUC#: 58264F  
Tel: (416) 869-5230  
Fax: (416) 947-0866

Lawyers for the Applicants



**TAB A**

This is Exhibit "A"  
to the affidavit of Deborah Papernick,  
sworn before me on the 21<sup>st</sup> day  
of April, 2011

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

Lisa Jean Gilbert, a Commissioner, O.S.,  
Province of Ontario, while a Student of Law,  
Expires May 5, 2012.

Court File No. CV 119159-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. )  
 )  
JUSTICE MORAWETZ )

THURSDAY, THE 31<sup>ST</sup>  
DAY OF MARCH, 2011

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

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

(the "Applicants")

INITIAL ORDER

THIS APPLICATION, made by Prizm Income Fund, Prizm Canadian Operating Trust, Prizm Inc. and Kit Finance Inc. (collectively, the "Applicants"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Deborah Papernick sworn March 30, 2011 and the Exhibits attached thereto (the "Papernick Affidavit"), and the pre-filing report of the proposed monitor, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and Prizm Limited Partnership ("Prizm LP"), the independent Trustees, Prudential Investment Management, Inc., FTI Consulting Canada Inc., the CRO (as hereinafter defined) and Deborah Papernick, and

- 2 -

Yum! Restaurants International (Canada) LP, and on reading the consent of FTI Consulting Canada Inc. to act as the Monitor (the "Monitor"),

#### **SERVICE**

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

#### **APPLICATION**

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

#### **PLAN OF ARRANGEMENT**

3. **THIS COURT ORDERS** that one or more of the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

#### **POSSESSION OF PROPERTY AND OPERATIONS**

4. **THIS COURT ORDERS** that the Priszm Entities shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Priszm Entities shall continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property. The Priszm Entities shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, the "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem

- 3 -

reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Prizm Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Papernick Affidavit or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Prizm Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Prizm Entities, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Prizm Entities shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses, and similar amounts owed to independent contractors, payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Prizm Entities in respect of these proceedings, at their standard rates and charges.

- 4 -

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Prizm Entities shall be entitled but not required to pay all reasonable expenses incurred by the Prizm Entities in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

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

8. **THIS COURT ORDERS** that the Prizm Entities shall remit, in accordance with legal requirements, or pay:

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

- 5 -

respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Prizm Entities.

9. **THIS COURT ORDERS** that until a real property lease is assigned, disclaimed or resiliated in accordance with the CCAA, the Prizm Entities shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Prizm Entities and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Prizm Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Prizm Entities to any of its creditors as of this date; (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

#### **RESTRUCTURING**

11. **THIS COURT ORDERS** that the Prizm Entities shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Amendment (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations;

- 6 -

- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Prizm Entities to proceed with an orderly restructuring of the Business (the "Restructuring").

12. **THIS COURT ORDERS** that the Prizm Entities shall provide each of the relevant landlords with notice of the Prizm Entities' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Prizm Entities' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Prizm Entities, or by further Order of this Court upon application by the Prizm Entities on at least two (2) days notice to such landlord and any such secured creditors. If the Prizm Entities disclaim or resiliate the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Prizm Entities' claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Prizm Entities and the Monitor 24 hours' prior written notice, and (b) at the effective time of



- 7 -

the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Prizm Entities in respect of such lease or leased premises and such landlord shall be entitled to notify the Prizm Entities of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

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

14. **THIS COURT ORDERS** that until and including April 29, 2011, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Prizm Entities or the Monitor, or affecting the Business or the Property, except with the written consent of the Prizm Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Prizm Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

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

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Prizm Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Prizm Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the Prizm Entities to carry on any business which the Prizm Entities are not lawfully entitled to carry on, (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (c)

- 8 -

prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

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

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

#### **CONTINUATION OF SERVICES**

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Prizm Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation suppliers of chicken and other food and restaurant consumables, waste disposal service providers, all computer software, information technology services, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Prizm Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Prizm Entities, and that the Prizm Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Prizm Entities in accordance with normal payment practices of the Prizm Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Prizm Entities and the Monitor, or as may be ordered by this Court.

**NON-DEROGATION OF RIGHTS**

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, but subject to sections 19 to 21 below, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Prizm Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

**CRITICAL SUPPLIERS**

19. **THIS COURT ORDERS AND DECLARES** that each of the entities listed in Schedule "A" hereto is a critical supplier to the Prizm Entities as contemplated by Section 11.4 of the CCAA (each, a "Critical Supplier").

20. **THIS COURT ORDERS** that each Critical Supplier shall continue to supply the Prizm Entities with goods and/or services on terms and conditions that are consistent with existing arrangements and past practices, as may be amended by the payment terms set forth in Schedule "A". No Critical Supplier may require the payment of a deposit or the posting of any security in connection with the supply of goods and/or services to the Prizm Entities after the date of this Order.

21. **THIS COURT ORDERS** that each Critical Supplier shall be entitled to the benefit of and is hereby granted a charge (together, the "Critical Supplier Charge") on the Property in an amount equal to the value of the goods and services supplied by such Critical Supplier and received by the Prizm Entities after the date of this Order less all amounts paid to such Critical Supplier in respect of such goods and services. The Critical Supplier Charge shall have the priority set out in paragraphs 46 and 48 hereof.

**PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

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

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

23. **THIS COURT ORDERS** that the Prizm Entities shall indemnify (a) their directors and officers against obligations and liabilities that they may incur as directors or officers of the Prizm Entities, and (b) the CRO and Deborah Papernick against any obligations and liabilities that they may incur as CRO of the Prizm Entities, after the commencement of the within proceedings, except to the extent that, with respect to any individual, the obligation or liability was incurred as a result of the individual's gross negligence or wilful misconduct.

24. **THIS COURT ORDERS** that the directors and officers of the Prizm Entities and the CRO and Deborah Papernick shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$9.8 million, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 46 and 48 herein.

- 11 -

25. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Prizm Entities' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

#### **APPOINTMENT OF CHIEF RESTRUCTURING OFFICER**

26. **THIS COURT ORDERS** that 2279549 Ontario Inc. is hereby appointed Chief Restructuring Officer, an officer of this Court, and shall have the powers and obligations set out in the agreement entered into between the Prizm Entities and 2279549 Ontario Inc. (the "CRO") dated March 30, 2011 (the "CRO Agreement").

27. **THIS COURT ORDERS** that the CRO Agreement is approved and the Prizm Entities are authorized to perform all of their obligations pursuant to the CRO Agreement.

28. **THIS COURT ORDERS** that the CRO shall consult with the Monitor regarding all material issues relating to the Business and all issues relating to these proceedings and shall not authorize any payment greater than \$500,000 on behalf of the Prizm Entities without the prior concurrence of the Monitor to such payment.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the CRO as an officer of this Court, neither the CRO nor any employee of the CRO shall be deemed to be a director or trustee of any of the Prizm Entities.

30. **THIS COURT ORDERS** that neither the CRO nor any employee of the CRO shall incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful

- 12 -

misconduct on its or their part; provided that any liability of the CRO hereunder shall in no event exceed the quantum of the fees paid to the CRO.

31. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against or in respect of the CRO or any employee of the CRO, except with the written consent of the CRO or with leave of this Court on notice to the CRO, the Monitor, and the Prizm Entities.

#### **APPOINTMENT OF MONITOR**

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

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

- (a) monitor the Prizm Entities' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Prizm Entities, to the extent required by the Prizm Entities, in their dissemination, to the DIP Lender and its counsel of financial and other

- 13 -

information which may be used in these proceedings in accordance with the DIP Amendment (as hereinafter defined) or on reasonable request;

- (d) advise the Prizm Entities in their preparation of the Prizm Entities' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel in accordance with the DIP Amendment or on reasonable request;
- (e) advise the Prizm Entities in their development of the Plan and any amendments to the Plan;
- (f) assist the Prizm Entities, to the extent required by the Prizm Entities, with the holding and administering of creditors' or unitholders' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Prizm Entities, to the extent that is necessary to adequately assess the Prizm Entities' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) assist the CRO in the performance of its duties set out in the CRO Agreement;
- (j) advise and assist the Prizm Entities, as requested, in their negotiations with suppliers, customers, creditors and other stakeholders;

- 14 -

- (k) hold and administer funds in connection with arrangements made among the Prizm Entities, any counter-parties, and the Monitor, or by Order of this Court; and
- (l) perform such other duties as are required by this Order or by this Court from time to time.

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

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



- 15 -

36. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Prizm Entities and the DIP Lender with information provided by the Prizm Entities in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Prizm Entities is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Prizm Entities may agree.

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

38. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Prizm Entities shall be paid their reasonable fees and disbursements incurred both before and after the making of this Order, in each case at their standard rates and charges, by the Prizm Entities as part of the costs of these proceedings. The Prizm Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Prizm Entities on a weekly basis, or such other period as may be agreed with the Prizm Entities, and, in addition, the Prizm Entities are hereby authorized and directed to pay to the Monitor, counsel to the Monitor, and counsel to the Prizm Entities, retainers in the amounts of \$200,000, \$100,000, and \$200,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

- 16 -

39. **THIS COURT ORDERS** that, at the request of the Prizm Entities, the DIP Lender, any other party in interest, or this Court, the Monitor and its legal counsel shall pass their accounts, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

40. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the Prizm Entities' counsel, and the CRO shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$1.5 million, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor, such counsel, and the CRO, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 46 and 48 hereof.

#### **DIP FINANCING**

41. **THIS COURT ORDERS** that the Prizm Entities are hereby authorized and empowered to obtain and borrow under a credit facility from Prudential Investment Management, Inc. and certain of its affiliates (the "DIP Lender") in order to finance the Prizm Entities' working capital requirements, provided that borrowings under such credit facility shall not exceed \$3 million unless permitted by further Order of this Court.

42. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in Amendment No. 11 to the Note Purchase and Private Shelf Agreement dated as of March 30, 2011 (the "DIP Amendment"), filed and the Prizm Entities are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Amendment as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

- 17 -

43. THIS COURT ORDERS that, in addition to the existing security held by or on behalf of the DIP Lender securing the Prudential Loan, as amended by the Prudential Loan Amendments (as those terms are defined in the Papernick Affidavit (the "Prudential Security"), the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall only secure advances under the DIP Amendment and shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 46 and 48 hereof.

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

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge;
- (b) upon the occurrence of an event of default under the DIP Amendment or the Amended and Restated Noteholder Forbearance Agreement dated as of March 31, 2011 among Prizm LP, Prizm GP, Kit Finance, Prudential, and each Prudential affiliate a party thereto the DIP Lender, upon ~~seven~~ <sup>four (4)</sup> days notice to the Prizm Entities and the Monitor, ~~may~~ <sup>shall</sup> exercise any and all of its rights and remedies against the Prizm Entities or the Property under or pursuant to the DIP Amendment, the Note Purchase and Private Shelf Agreement dated January 12, 2006, among Prizm GP, Kit Finance, Prudential Investment Management, Inc., and each Prudential affiliate a party thereto, as amended, the Prudential Security and the DIP Lender's Charge, including without limitation, to cease making advances to the Prizm Entities and set off and/or consolidate any amounts owing by the DIP Lender to the Prizm Entities against the obligations of the Prizm Entities to the DIP Lender under the DIP Amendment, to make demand, accelerate payment and give other

apply to  
this  
Court  
for  
leave to  
do

- 18 -

notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Prizm Entities and for the appointment of a trustee in bankruptcy of the Prizm Entities; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Prizm Entities or the Property.

45. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Prizm Entities under the CCAA, or any proposal filed by the Prizm Entities under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), with respect to any advances made under the DIP Amendment.

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

46. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Critical Supplier Charge, the DIP Lender's Charge and the Directors' Charge, as among them, shall be as follows:

First - Administration Charge (to the maximum amount of \$1.5 million);

Second - Critical Supplier Charge;

Third - DIP Lender's Charge; and

Fourth - Directors' Charge.

47. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Critical Supplier Charge, the DIP Lender's Charge or the Directors' Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right,

title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

48. **THIS COURT ORDERS** that each of the Administration Charge, the Critical Supplier Charge, the DIP Lender's Charge and the Directors' Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, the "Encumbrances") in favour of any Person, notwithstanding the order of perfection or attachment, except for any Person who is a "secured creditor", as defined in the CCAA, as of the date of this Order and who has not received notice of this Application.

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

50. **THIS COURT ORDERS** that the Administration Charge, the Critical Supplier Charge, the DIP Amendment and the DIP Lender's Charge, and the Directors' Charge, shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e)

- 20 -

any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Prizm Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Amendment shall create or be deemed to constitute a breach by the Prizm Entities of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Prizm Entities entering into the DIP Amendment or the creation of the Charges; and
- (c) the payments made by the Prizm Entities pursuant to this Order, the DIP Amendment, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

51. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Prizm Entities' interest in such real property leases.

#### **SERVICE AND NOTICE**

52. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in *The Globe and Mail*, National Edition, and *La Presse*, in French, a notice containing the information prescribed under the CCAA, and (b) within five days after the date of this Order (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim

- 21 -

against the Prizm Entities of more than \$1,000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the names and addresses of individuals who are creditors publicly available.

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

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

#### **GENERAL**

55. **THIS COURT ORDERS** that the Prizm Entities, the Monitor or the CRO may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

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

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

59. **THIS COURT ORDERS** that any interested party (including the Prizm Entities, the CRO and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



- 23 -

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

A handwritten signature in black ink, appearing to be "D. J. ...", written over a horizontal line.

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

MAR 3 1 2011

PEP/PAR:

NB

**SCHEDULE "A"**

**A) Suppliers of Food and Restaurant Consumables**

**Proposed Payment Terms**

- The later of 21<sup>1</sup> days from receipt of invoice or the Monday following the day which is 21 days from the receipt of invoice.
- To the extent that there are any annual fees, such fees to be prorated and paid them bi-monthly.

**Listing of suppliers of food and restaurant consumables to be declared Critical Suppliers and subject to the above payment terms**

|                                |   |
|--------------------------------|---|
| Pepsi-Cola Bev. Canada ( Nss ) | Sysco Serca Food Serv. West Inc (34010) |
| Praxair Products Inc           | Sysco Serca Food Serv. West Inc (34011) |
| Canada Bread Co.Ltd. #V4065    | Sysco Milton (Pronamic) Ph              |
| Sysco Milton (Pronamic)        | Sysco Milton (Pronamic) Tb              |
| Baxter Foods Limited           | Canada Bread Company Ltd. (321228)      |
| Canada Bread – Atlantic        | Sysco Food Services                     |
| Distagro (34002)               | Multi-Marques Inc.                      |
| Serca Foodservice Inc          | Sysco Food Services (Kingston)          |
| Konings Wholesale              | Distagro (52285)                        |
| Sysco Milton (Pronamic) KFC    | Canada Bread Company, Limited (52383)   |
| Sysco Food Services Calgary    | Linde Canada Ltd.                       |

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<sup>1</sup> Where Monday is a holiday the payment date will be shifted to Tuesday.

## CRITICAL SUPPLIERS TO THE PRISZM ENTITIES

### B) Chicken Suppliers

#### Proposed Payment Terms

- The later of 7<sup>2</sup> days from receipt of invoice or the Monday following the day which is 7 days from the receipt of invoice.
- To the extent that there are any annual fees, such fees to be prorated and paid them bi-monthly.

#### Listing of chicken suppliers to be declared Critical Suppliers and subject to the above payment terms

Exceldor Cooperative Avicole

Dunn-Rite Food Product

Maple Lodge Farms Ltd.

Sunrise Poultry Processors Ltd

Olymel S.E.C./L.P.

Nadeau Poultry Farm Ltd

Mountain View Poultry Farms

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<sup>2</sup> Where Monday is a holiday the payment date will be shifted to Tuesday.

## CRITICAL SUPPLIERS TO THE PRISZM ENTITIES

### C) Utility Service Providers

#### Proposed Payment Terms

- Payment on the Thursday following the receipt of invoice.
- To the extent that there are any annual fees, such fees to be prorated and paid them bi-monthly.

#### **Listing of utility service providers to be declared Critical Suppliers and subject to the above payment terms**

|                                |                               |
|--------------------------------|-------------------------------|
| Eastlink                       | Energie Nb Power              |
| Town Of Amprior                | Town Of Antigonish            |
| Haldimand H E C                | Edmundston La Ville           |
| Bell Canada (638)              | Nova Scotia Power Corporation |
| Belleville Utilities Comm.     | City Of Bathurst              |
| Hydro One Brampton             | Pictou, Town Of               |
| Brantford Power Inc            | Yarmouth, Town Of             |
| Barrie Public Utilities Comm.  | New Glasgow, Town Of (Water)  |
| Rogers AT&T (Don Mills)        | Windsor, Town Of              |
| Lakefront Utility Services Inc | Digby, Town Of                |
| Cornwall Electric              | Kings, Municipality County Of |
| Enbridge Consumers Gas Systems | Halifax Water Commission      |
| Cambridge & North Dumfries     | Bridgewater, Town Of          |
| City Of Cornwall               | Oromocto, Town Of             |
| Town Of Carleton Place         | Kamloops, City Of             |
| City Of St Catherines          | Delta, Corp Of                |
| Reg Munic Durham               | Corp. Of The New Westminster  |

## CRITICAL SUPPLIERS TO THE PRISZM ENTITIES

|                                |                                       |
|--------------------------------|---------------------------------------|
| The Corp. Of The Town Of       | Penticton, City Of                    |
| E L K Energy Inc               | City Of Terrace                       |
| Hawkesbury Hydro               | Terasen Gas                           |
| Town Of Kingsville             | City Of Victoria                      |
| Essex Powerlines Corporation   | White Rock Utilities Ltd              |
| London Public Utilities        | Campbell River, District Of           |
| Enersource Hydro Mississauga   | Vernon, Corp Of The City Of           |
| Newmarket Hydro Elect. Comm.   | Kelowna, City Of - Utility            |
| Toronto Finance Department     | Town Of Amherst                       |
| Natural Resource Gas Ltd.      | City Of Portage La Prairie            |
| Niagara Falls Hydro            | Capital Regional District             |
| Oshawa Public Utilities Comm.  | Maple Ridge Corp City Of              |
| Ottawa Hydro                   | Cranbrook Corp Of The City Of         |
| Ottawa-Carleton                | Chilliwack, District Of               |
| Brant County Power             | Nanaimo, City Of                      |
| Ottawa River Power Corporation | Williams Lake, City Of                |
| Peterborough Utilities Comm.   | Sidney, Town Of                       |
| Veridian Connections           | Salmon Arm, District Of               |
| Pembroke Waterworks            | Squamish, District Of                 |
| Renfrew Hydro Electric Comm.   | Port Alberni, City Of                 |
| St Thomas Public Utilities     | City Of White Rock                    |
| Norfolk Power Distribution Inc | Regional District Of Central Okanagan |
| GSU                            | Coquitlam, City Of                    |
| Town Of Smiths Falls           | Sussex, Town Of                       |
| Sault Ste. Marie, P U C        | New Glasgow, Town Of                  |

## CRITICAL SUPPLIERS TO THE PRISZM ENTITIES

|                             |                                |
|-----------------------------|--------------------------------|
| Thunder Bay Telephone       | Niagara Regional Police        |
| Thunder Bay Hydro           | Camrose, City Of               |
| Toronto Hydro               | BC Hydro                       |
| Union Gas Ltd               | City Of Surrey                 |
| Hydro One Networks Inc      | Township Of Langley            |
| Enwin Utilities             | Epcor                          |
| Whitby Hydro Electric Comm. | Burnaby, City Of               |
| Ville D'alma                | Shaw Cable                     |
| Bell Canada (2310)          | Reliance Home Comfort          |
| Ville De Coaticook          | Edmonton, The City Of          |
| Gaz Metropolitain           | City Of Miramichi              |
| Gazifere Inc                | Halton Hills Hydro Inc         |
| Hydro-Quebec                | Telus Quebec                   |
| Ville De Joliette           | Chatham-Kent Utility Services  |
| Ville De Magog              | Pacific Northern Gas Ltd.      |
| Telebec Ltee.               | City Of Winkler                |
| Ville De Sherbrooke         | Region Of Peel (53359)         |
| City Of Airdrie             | Superior Propane Inc.- Calgary |
| Town Of High River          | Culligan                       |
| Town Of Stettler            | Greater Napanee Utilities      |
| Town Of Strathmore          | Town Of Drayton Valley         |
| Town Of Brooks              | Bell Expressvu                 |
| Town Of Cochrane            | Telus Mobility                 |
| Bell Canada (7736)          | City Of Richmond, BC           |
| Bell Cellular               | The City Of Greater Sudbury    |

## CRITICAL SUPPLIERS TO THE PRISZM ENTITIES

|                                |                               |
|--------------------------------|-------------------------------|
| Imperial Oil                   | M3 & W Inc.                   |
| Rogers Payment Centre          | MTS Communications Inc.       |
| Bell Canada (13065)            | Collus Power Corp             |
| Propane M & M Inc              | FortisBC Inc                  |
| Bell Mobilite Pagette          | Town Of Lakeshore             |
| Bell Canada (21360)            | Cablevision                   |
| Prince Edward Public Works     | Keep In Touch                 |
| Guelph Hydro                   | Powerstream                   |
| Erie Thames Power Corp         | Direct Energy                 |
| Telus Communications Inc       | Village Of New Minas          |
| Strathcona County              | Horizon Utilities Corporation |
| Westbank Irrigation District   | Bell Canada (46557)           |
| Black Mountain Irrigation Dist | Town Of Richmond Hill         |
| City Of Abbotsford             | Rogers Telecom - Business     |
| Clearbrook Waterworks District | Bluewave Energy               |
| Rogers Cablesystems            | Orangeville Hydro Limited     |
| Cape Breton Regional Municipal | Enmax                         |
| District Of Langford           | Enbridge Gas New Brunswick    |
| Bell Mobility Paging           | Allstream                     |
| Queens Municipality, Region Of | Bell Conferencing Inc.        |
| Brandon, City Of               | Wireless Personal             |
| Steinbech, Town Of             | Terago Networks Inc.          |
| Central Okanagan, Regional     | Voicemailtel Inc.             |
| City Of Selkirk                | Irving Energy Distribution    |
| Winnipeg, City Of (Water)      | Midland Power Utility         |

## CRITICAL SUPPLIERS TO THE PRISZM ENTITIES

|                           |                               |
|---------------------------|-------------------------------|
| Manitoba Hydro/Centra Gas | On Telecom Management         |
| St. Albert, City Of       | Ari Financial Services Inc.   |
| Campbellton, City Of      | Cogeco Cable Inc.             |
| City Of Fredericton       | Internet Lightspeed           |
| Moncton, City Of          | Direct Energy                 |
| Saint John, City Of       | Consumers' Waterheater        |
| Aliant (34791)            | Societe De L'assurance        |
| Aliant (34786)            | Ville De Montreal             |
| St Stephen Utility Dept   | Halifax Regional Municipality |
| Riverview, Town Of        | Veridian Energy Inc.          |
| Port Hawkesbury, Town Of  | Region Of Peel (37018)        |
| Saint John Energy         |                               |



## **CRITICAL SUPPLIERS TO THE PRISZM ENTITIES**

### **D) Suppliers of Waste Disposal and Pest Control Services**

#### **Proposed Payment Terms**

- The later of 30 days from receipt of invoice or the Thursday following the day which is 30 days from the receipt of invoice.
- To the extent that there are any annual fees, such fees to be prorated and paid them bi-monthly.

#### **Listing of suppliers of waste disposal and pest control services to be declared Critical Suppliers and subject to the above payment terms**

Organic Resource Mgmt. Inc.

Wasteco

Owen Sound Septic Service

BFI Canada-Penticton

Wasteless Environmental Serv

Abell

Sanimax San Inc.

## CRITICAL SUPPLIERS TO THE PRISZM ENTITIES

### E) Providers of Appliance Repair and Information Technology Services

#### Proposed Payment Terms

- The later of 30 days from receipt of invoice or the Thursday following the day which is 30 days from the receipt of invoice.
- To the extent that there are any annual fees, such fees to be prorated and paid them bi-monthly.

#### **Listing of providers of appliance repair and information technology services to be declared Critical Suppliers and subject to the above payment terms**

Radiant Systems

Global Payments

NCR Canada Ltd (34379)

DSL (Dairy Supplies Limited)

NCR Canada Ltd (49264)

Bazinet Taylor Ltee

Sitel

TFI Food Equipment Solutions

Menulink

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

Court File No: CV-11-9159-00CL

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

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

Proceeding commenced at Toronto

**INITIAL ORDER**

**STIKEMAN ELLIOTT LLP**  
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5300 Commerce Court West  
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Lawyers for the Applicants

# TAB 3

Court File No. CV-11-9159-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

|                    |   |                              |
|--------------------|---|------------------------------|
| THE HONOURABLE MR. | ) | FRIDAY, THE 29 <sup>TH</sup> |
|                    | ) |                              |
| JUSTICE MARROCCO   | ) | DAY OF APRIL, 2011           |

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

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

(the "Applicants")

**ORDER**

**(Stay Extension, KERP Amendment, and Franchisor Charge)**

**THIS MOTION**, made by Priszm Income Fund, Priszm Canadian Operating Trust, Priszm Inc., Priszm Limited Partnership and Kit Finance Inc. (collectively, the "Priszm Entities") for an order, *inter alia*, (a) extending the Stay Period (as defined below) until June 30, 2011; (b) authorizing the Priszm Entities to reallocate funds payable to certain of their employees under the KERPs (as defined below); and (c) granting the Franchisor Charge (as defined below), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Deborah Papernick sworn April 21, 2011 (the "Papernick Affidavit") and the First Report of FTI Consulting Canada Inc., in its capacity as the Court-appointed Monitor of the Priszm Entities (the "Monitor"), and on

hearing the submissions of counsel to the Prizm Entities, the Monitor, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the Service List, although properly served as appears from the affidavit of service, filed:

**SERVICE**

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

**STAY EXTENSION**

2. **THIS COURT ORDERS** that that the Stay Period (as defined in paragraph 14 of the Initial Order of the Honourable Mr. Justice Morawetz dated March 31, 2011 (the “Initial Order”)) is hereby extended until and including June 30, 2011.

**AMENDMENT TO KEY EMPLOYEE RETENTION PLANS**

3. **THIS COURT ORDERS** that the amendments to the Key Employee Retention Plans described in the Papernick Affidavit are hereby approved.

**THE FRANCHISOR CHARGE**

4. **THIS COURT ORDERS** that Yum! Restaurants International (Canada) LP (the “Franchisor”) shall be entitled to the benefit of and is hereby granted a charge (the “Franchisor Charge”) on the Property (as defined in the Initial Order) as security for the continuing fees payable pursuant to the Franchise Agreement (as defined in the affidavit of Deborah Papernick sworn March 31, 2011) and accruing after the date of the

Initial Order, which, for greater certainty, shall not include interest. The Franchisor Charge shall rank third in priority, after the Critical Supplier Charge and ahead of the DIP Lender's Charge (as those terms are defined in the Initial Order), and paragraph 46 of the Initial Order shall be deemed to be amended to give effect to such priority.

5. **THIS COURT ORDERS** that the Franchisor Charge shall be entitled to and be subject to the same rights, limitations and protections as those granted with respect to the Charges (as defined in the Initial Order) by the Initial Order.

**SCHEDULE "A" TO THE INITIAL ORDER**

6. **THIS COURT ORDERS** that Schedule "A" to the Initial Order is hereby amended by (a) deleting the nine references to Sysco entities in Section A) Suppliers of Feed and Restaurant Consumables and replacing them with the following two entities: Sysco Food Services of Canada, Inc. and Sysco Food Services of Vancouver, Inc., and (b) deleting the reference to Belleville Utilities Comm. in Section C) Utility Service Providers and replacing it with the City of Belleville.

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

Court File No: CV-11-915900CL

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**ORDER**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
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**MOTION RECORD  
(RETURNABLE APRIL 29, 2011)**

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