

**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 June 29, 2011)
(Re Extension of Stay Period, Approval of DIP Extension, Replacement of
CRO, Approval of Monitor's Reports, Authority to dispose of Redundant Assets
and Approval of D&O Claims Solicitation Procedure)**

June 23, 2011

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley John Taylor LSUC#: 39932E
Tel: (416) 869-5236

Maria Konyukhova LSUC#: 52880V
Tel: (416) 869-5230

Kathryn Esaw LSUC#: 58264F
Tel: (416) 869-6820
Fax: (416) 947-0866

Lawyers for the Applicants

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")

**SERVICE LIST
(as at June 15 2011)**

PARTY	CONTACT
<p>PRISZM LP, PRISZM INC., PRISZM CANADIAN OPERATING TRUST, PRISZM INCOME FUND AND KIT FINANCE INC. 101 Exchange Avenue Vaughan, ON L4K 5R6</p> <p>Applicants</p>	<p>Deborah Papernick Tel: (416) 739-2983 Fax: (416) 650-9751 Email: deborah.papernick@priszm.com</p>
<p>STIKEMAN ELLIOTT LLP 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9</p> <p>Lawyers for the Applicants</p>	<p>Ashley J. Taylor Tel: (416) 869-5236 Fax: (416) 947-0866 Email: ataylor@stikeman.com</p> <p>Maria Konyukhova Tel: (416) 869-5230 Email: mkonyukhova@stikeman.com</p> <p>Kathryn Esaw Tel: (416) 869-6820 Email: kesaw@stikeman.com</p>

<p>FTI CONSULTING CANADA INC. TD Waterhouse Tower 79 Wellington Street, Suite 2010 Toronto, ON M5K 1G8</p> <p>Monitor</p>	<p>Nigel D. Meakin Tel: (416) 649-8065 Fax: (416) 649-8101 Email: nigel.meakin@fticonsulting.com</p> <p>Toni Vanderlaan Tel: (416) 649-8075 Email: toni.vanderlaan@fticonsulting.com</p>
<p>OSLER, HOSKIN & HARCOURT LLP First Canadian Place 100 King Street West, Suite 6100 Toronto, ON M5X 1B8</p> <p>Lawyers for the Monitor</p>	<p>Marc Wasserman Tel: (416) 862-4908 Fax: (416) 862-6666 Email: mwasserman@osler.com</p> <p>Jeremy Dacks Tel: (416) 862-4923 Email: jdacks@osler.com</p>
<p>YUM! RESTAURANTS INTERNATIONAL (CANADA) COMPANY 101 Exchange Avenue Vaughan, ON L4K 5R6</p>	<p>Sabir Sami Email: sabir.sami@yum.com</p>
<p>WOOLGAR, VANWIECHEN, KETCHESON & DUCOFFE LLP Barristers and Solicitors 70 The Esplanade, Suite 401 Toronto, ON M5E 1R2</p> <p>Lawyers for Yum! Restaurants International (Canada) Company</p>	<p>Christopher Cosgriffe Tel: (416) 867-9036 Fax: (416) 867-1434 Email: ccosgriffe@woolvan.com</p>
<p>PRUDENTIAL INVESTMENT MANAGEMENT INC. 100 Mulberry Street Newark, NJ 07102</p>	<p>Paul Procyk Tel: (973) 802-8107 Fax: (888) 889-3832 Email: paul.procyk@prudential.com</p>
<p>GOWLINGS LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, ON M5X 1G5</p> <p>Lawyers for Prudential Investment Management Inc.</p>	<p>Patrick Shea Tel: (416) 369-7399 Fax: (416) 862-7661 Email: patrick.shea@gowlings.com</p>

<p>BINGHAM MCCUTCHEN LLP One State Street Hartford, CT 06103-3178</p> <p>Lawyers for Prudential Investment Management Inc.</p>	<p>Scott Falk Tel: (860) 240-2763 Fax: (860) 240-2587 Email: scott.falk@bingham.com</p>
<p>RSM RICHTER 200 King Street West, Suite 1100 Toronto, ON M5H 3T4</p> <p>Financial advisor for Prudential Investment Management Inc.</p>	<p>Robert Kofman Tel: (416) 932-6228 Fax: (416) 932-6200 Email: bkofman@rsmrichter.com</p>
<p>BLAKE, CASSELS & GRAYDON LLP 2800 Commerce Court West 199 Bay Street Toronto, ON M5L 1A9</p> <p>Lawyers for the Former Independent Trustees and Directors of the Applicants</p>	<p>Susan Grundy Tel: (416) 863-2572 Fax: (416) 863-2653 Email: susan.grundy@blakes.com</p> <p>Pamela Huff Tel: (416) 863-2958 Email: pamela.huff@blakes.com</p> <p>David Toswell Tel: (416) 863-4246 Email: david.toswell@blakes.com</p>
<p>MINDEN GROSS LLP 145 King Street West, Suite 2200 Toronto, ON M5H 4G2</p> <p>Lawyers for 2279549 Ontario Inc. and Deborah Papernick</p>	<p>David T. Ullmann Tel: (416) 369-4148 Fax: (416) 864-9223 Email: dullmann@mindengross.com</p>
<p>BENNETT JONES LLP 3400 One First Canadian Place P.O. Box 130 Toronto, ON M5X 1A4</p> <p>Conflict Lawyers for Applicants</p>	<p>Mark Laugesen Tel: (416) 777-4802 Fax: (416) 863-1716 Email: laugesenm@bennettjones.com</p> <p>Gavin Finlayson Tel: (416) 777-5762 Email: finlaysong@bennettjones.com</p>

<p>AIRD & BERLIS LLP Brookfield Place, 181 Bay Street Suite 1800, Box 754 Toronto, ON M5J 2T9</p> <p>Lawyers for Scott's Real Estate Investment Trust, SR Operating Trust, Scott's Real Estate Limited Partnership, Scott's Trustee Corp. and Scott's GP Trust</p>	<p>Steven L. Graff Tel: (416) 865-7726 Fax: (416) 863-1515 Email: sgraff@airdberlis.com</p> <p>Ian Aversa Tel: (416) 865-3082 Email: iaversa@airdberlis.com</p>
<p>DEPARTMENT OF JUSTICE ONTARIO REGIONAL OFFICE The Exchange Tower 130 King Street West Suite 3400, Box 36 Toronto, ON M5X 1K6</p> <p>Attorney General of Canada</p>	<p>Diane Winters Tel: (416) 973-3172 Fax: (416) 973-0809 Email: diane.winters@justice.gc.ca</p>
<p>MCCARTHY TÉTRAULT LLP 1000 De La Gauchetière Street West Bureau 2500 Montréal, QC H3B 0A2</p> <p>Toronto Dominion Bank Tower 66 Wellington Street West, Suite 5300 Toronto, ON M5K 1E6</p> <p>Lawyers for Olymel</p>	<p>Alain Tardif Tel: (514) 397-4274 Fax: (514) 875-6246 Email: atardif@mccarthy.ca</p> <p>Kevin McElcheran Tel: (416) 601-7730 Fax: (416) 868-0673 Email: kmcelcheran@mccarthy.ca</p>
<p>MCCARTHY TÉTRAULT LLP Toronto Dominion Bank Tower 66 Wellington Street West, Suite 5300 Toronto, ON M5K 1E6</p> <p>Lawyers for Pepsi-Cola Canada Ltd.</p>	<p>F. Paul Morrison Tel: (416) 601-7887 Fax: (416) 868-0673 Email: pmorriso@mccarthy.ca</p> <p>Heather L. Meredith Tel: (416) 601-8342 Email: hmeredith@mccarthy.ca</p>

<p>LENCZNER SLAGHT ROYCE SMITH GRIFFIN LLP 130 Adelaide Street West, Suite 2600 Toronto, ON M5H 3P5</p> <p>Lawyers for Sysco Canada</p>	<p>Peter Osborne Tel: (416) 865-3094 Fax: (416) 865-9010 Email: posborne@litigate.com</p>
<p>TORYS LLP 79 Wellington Street West TD Centre, Suite 3000 Toronto, ON M5K 1N2</p> <p>Lawyers for The Cadillac Fairview Corporation Limited</p>	<p>David Bish Tel: (416) 865-7353 Fax: (416) 865-7380 Email: dbish@torys.com</p>
<p>CAW-CANADA 205 Placer Court Toronto, ON M2H 3H9</p> <p>Lawyers for National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada)</p>	<p>Barry E. Wadsworth Tel: (416) 495-3776 Fax: (416) 495-3786 Email: barry.wadsworth@caw.ca</p>
<p>GARDINER ROBERTS LLP Scotia Plaza 40 King St. West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Lawyers for Soul Restaurants Canada Inc.</p>	<p>Jonathan Wigley Tel: (416) 865-6655 Fax: (416) 865-6636 Email: jwigley@gardiner-roberts.com</p> <p>Arlene O'Neill Tel: (416) 865-6640 Email: aoneill@gardiner-roberts.com</p>
<p>MILLER THOMSON LLP Scotia Plaza 40 King St. West, Suite 5800 Toronto, ON M5H 3S1</p> <p>Lawyers for Metro-Richelieu Inc.</p>	<p>Arthi Sambasivan Tel: (416) 595-8636 Fax: (416) 595-8695 Email: asambasivan@millერთhompson.com</p>

<p>DAOUST VUKOVICH LLP 20 Queen Street West, Suite 3000 Toronto, ON M5H 3R3</p> <p>Lawyers for Canadian Property Holdings Inc.</p>	<p>Gasper Galati Tel: (416) 598-7050 Fax: (416) 597-8897 Email: ggalati@dv-law.com</p> <p>Ken Pimentel Tel: (416) 597-9306 Email: kpimentel@dv-law.com</p>
<p>MCLEAN & KERR LLP 130 Adelaide Street West, Suite 2800 Toronto, ON M5H 3P5</p> <p>Lawyers for 20 VIC Management Inc.; Ivanhoe Cambridge Inc.; Morguard Investments Limited; Retrocom Mid-Market REIT; Primaris Retail Real Estate Investment Trust; Oxford Properties Group Inc.</p>	<p>Walter Stevenson Tel: (416) 369-6602 Fax: (416) 366-8571 Email: wstevenson@mcleankerr.com</p> <p>Linda Galessiere Tel: (416) 369-6609 Email: lgalessiere@mcleankerr.com</p>
<p>SUNRISE POULTRY PROCESSORS LTD. 13542 73-A Avenue Surrey, B.C. V3W 1C9</p>	<p>Scott Cummings Tel: (604) 596-9505 Fax: (604) 596-6966 Email: scummings@sunrisepoultry.bc.ca</p> <p>Doreen Kerr Tel: (604) 596-9505 ext. 3314 Email: dkerr@sunrisepoultry.bc.ca</p>
<p>CALLOWAY REIT 700 Applewood Crescent Vaughan, ON L4K 5X3</p>	<p>Tia Squeo Tel: (905) 326-6400 ext. 7750 Fax: (905) 760-6206 Email: tsqueo@callowayreit.com</p>
<p>SMARTCENTRES MANAGEMENT INC. 700 Applewood Crescent Vaughan, ON L4K 5X3</p> <p>Agent for Calloway REIT</p>	<p>Jeffrey A. Winick Tel: (905) 760-6200 ext. 7665 Fax: (905) 760-6220 Email: jwinick@smartcentres.com</p>

<p>FRASER MILNER CASGRAIN LLP</p> <p>Toronto-Dominion Centre 77 King St. West, Suite 400 Toronto, ON M5K 0A1</p> <p>Counsel for the Bank of Montreal</p>	<p>Laurence Geringer Tel: (416) 863-4684 Fax: (416) 863-4592 Email: laurence.geringer@fmc-law.com</p> <p>Ross Walker Tel: (416) 863-4742 Email: ross.walker@fmc-law.com</p>
--	---

INDEX

**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**")

INDEX

Tab	Document	Page
1	Notice of Motion, returnable June 29, 2011	1 - 7
2	Affidavit of Deborah Papernick re: Extension of Stay Period, Approval of DIP Extension, Replacement of CRO, and Approval of D&O Claims Solicitation Procedure sworn June 23, 2011	8 - 23
A	Exhibit "A" - Amendment No. 11 to the Note Purchase and Private Shelf Agreement	24 - 52
B	Exhibit "B" - Amendment No. 12 to the Note Purchase and Private Shelf Agreement	53 - 61
C	Exhibit "C" - Agreement Amending the CRO Agreement of Deborah Papernick	62 - 65
D	Exhibit "D" - Agreement Appointing Jim Robertson as CRO of the Prizm Entities	66 - 69
3	Draft Order for the Extension of Stay Period, etc.	70 - 74
4	Draft Order for Approval of the D&O Claims Solicitation Procedure Order	75 - 90

TAB 1

**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")

**NOTICE OF MOTION
(returnable June 29, 2011)**

**(Re Extension of Stay Period, Approval of DIP Extension, Replacement of
CRO, Authority to Dispose of Non-Material Assets, Approval of Monitor Reports,
and Approval of D&O Claims Solicitation Procedure)**

Priszm Income Fund, Priszm Canadian Operating Trust, Priszm Inc., Priszm LP and Kit Finance Inc. (collectively, the "Priszm Entities") will make a motion to a judge presiding over the Commercial List on June 29, 2011 at 10:00 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, *inter alia*:
 - (a) abridging the time for service of the Notice of Motion and Motion Record in respect of this motion and dispensing with further service thereof;

- (b) extending the Stay Period (as defined below) until September 30, 2011; and
 - (c) approving the DIP Extension Amendment (as defined below);
 - (d) approving the amendment to the Papernick CRO Agreement (as defined below);
 - (e) approving the Robertson CRO Agreement (as defined below);
 - (f) authorizing the Prizm Entities to dispose of redundant or non-material assets, and to sell assets or operations not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate subject to the prior consent of the Monitor; and
 - (g) approving the pre-filing Report of FTI Consulting Canada Inc. in its capacity as the proposed monitor of the Prizm Entities dated March 31, 2011, the First Report of the Monitor dated April 26, 2011 and the Second Report of the Monitor dated May 27, 2011 and the activities of the Monitor described therein; and
2. An order substantially in the form of the draft Order at Tab 4 of the Motion Record approving the D&O Claims Solicitation Procedure (as defined below); and
3. Such further and other relief as this Court deems just.

THE GROUNDS FOR THE MOTION ARE:

4. On March 31, 2011, the Prizm 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") pursuant to an order (the "**Initial Order**") of the Honourable Mr. Justice Morawetz;

5. FTI Consulting Canada Inc. was appointed as monitor in these proceedings (the "**Monitor**");

6. The Initial Order provided, *inter alia*, that a stay of proceedings would apply with respect of the Prizm Entities up to and including April 29, 2011 or such later date as this Court may order (the "**Stay Period**");

7. The Initial Order also approved, *inter alia*, a DIP Facility and DIP Charge (as defined in the Initial Order);

8. On April 29, 2011, the Honourable Madam Justice Mesbur granted an amended and restated initial order which, *inter alia*, extended the Stay Period up to and including June 30, 2011 (the "**Amended and Restated Initial Order**");

9. On May 30, 2011, the Honourable Mr. Justice Morawetz granted an order approving the sale of 204 of the Prizm Entities' restaurant outlets to Soul Restaurants Canada Inc. (the "**Soul Sale**");

10. On May 30, 2011, the Honourable Mr. Justice Morawetz granted an order approving a sales process for the Prizm Entities' restaurant outlets which did not originally form part of the Soul Sale (the "**Sales Process**");

Extension of the Stay Period

11. The Prizm Entities have been working diligently and in good faith since March 31, 2011 to continue to operate their business in the normal course and to restructure their operations and assets for the benefit of their stakeholders;

12. An extension of the Stay Period is necessary to provide the Prizm Entities time to complete the Sales Process and complete the sale transactions arising out of same to secure a going concern solution for the Prizm Entities' business, their approximately 3,000 employees and numerous suppliers, landlords and other stakeholders and maximizing recovery for the Prizm Entities' stakeholders;

Approval of the DIP Extension Agreement

13. The Amended and Restated Initial Order authorized and empowered the Prizm Entities to borrow funds from Prudential Investment Management and certain of its affiliates (“**Prudential**”) through the DIP Facility the DIP Charge over the Prizm Entities’ Property (as defined in the Amended and Restated Initial Order);

14. The DIP Facility expired May 20, 2011. Prudential is willing to renew the DIP Facility through to September 30, 2011 and the Prizm Entities and Prudential entered into a Amendment No. 12 to Note Purchase And Private Shelf Agreement and Forbearance Agreement dated June 22, 2011 (the “**DIP Extension Amendment**”);

15. It is not anticipated that the Prizm Entities will need to draw down on the DIP Facility through to September 30, 2011. However, the Prizm Entities’ actual funding requirements within the CCAA proceedings are sensitive to variances in timing, forecast sales and other factors. Therefore, the DIP Extension Amendment is necessary to provide an added measure of stability;

Approval of the Papernick CRO Agreement Amendment

16. As Deborah Papernick has resigned as the Chief Financial Officer of Prizm Inc. effective June 30, 2011, and has resigned as the Chief Restructuring Officer of the Prizm Entities effective June 30, 2011, and has agreed to continue working as a part-time consultant from July 1, 2011 to July 31, 2011, inclusive, the CRO agreement which governs her rights and responsibilities as CRO (the “**Papernick CRO Agreement**”) must be amended to reflect these changed circumstances. The Prizm Entities are seeking approval of the agreement amending same;

Approval of the Robertson CRO Agreement

17. As Jim Robertson has been appointed CRO of the Prizm Entities effective August 1, 2011, the Prizm Entities are seeking approval of an agreement which will govern his rights and responsibilities as CRO (the "**Robertson CRO Agreement**");

Authority to Dispose of Redundant Assets

18. As a result of the sale and closing of some of the Prizm Entities' restaurant outlets, there are a number of non-material or redundant assets. In order to realize value from these assets for the benefit of their stakeholders, the Prizm Entities are seeking authority to dispose of such non-material or redundant assets or to sell assets or operations not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate subject to the prior consent of the Monitor.

Approval of the D&O Claims Solicitation Procedure

19. The Prizm Entities have agreed to indemnify their current and former directors and officers, 2279549 Ontario Inc., Deborah Papernick, 2289500 Ontario Inc. and Jim Robertson (collectively, the "**Directors and Officers**") up to an aggregate amount of \$9.8 million (the "**Indemnity**") as per the Amended and Restated Initial Order;

20. A charge to secure the Prizm Entities' obligations under the Indemnity (the "**D&O Charge**") over the Property (as defined in paragraph 4 of the Amended and Restated Initial Order) was granted in the Amended and Restated Initial Order;

21. In order to ascertain the liability, if any, under the D&O Charge and subsequently release the D&O Charge, the Prizm Entities propose to carry out a procedure to solicit claims against the Directors and Officers (the "**D&O Claims Solicitation Procedure**");

22. The proposed D&O Claims Solicitation Procedure is fair and reasonable in the circumstances;

General

23. Section 11 and other provisions of the CCAA and the inherent and equitable jurisdiction of this Court;

24. Section 137 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended;

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

26. 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 Fifth Affidavit of Deborah Papernick sworn June 23, 2011;
- (b) The Third Report of the Monitor, to be filed; and
- (c) Such further and other materials as counsel may advise and this Honourable Court may permit.

June 23, 2011

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley John Taylor LSUC#: 39932E
Tel: (416) 869-5236

Maria Konyukhova LSUC#: 52880V
Tel: (416) 869-5230

Kathryn Esaw LSUC#: 58264F
Tel: (416) 869-6820
Fax: (416) 947-0866

Lawyers for the Applicants

TO: SERVICE LIST

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 JUNE 29, 2011)**

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley John Taylor LSUC#: 39932E
Tel: (416) 869-5236

Maria Konyukhova LSUC#: 52880V
Tel: (416) 869-5230

Kathryn Esaw LSUC#: 58264F
Tel: (416) 869-5230
Fax: (416) 947-0866

Lawyers for the Applicants

TAB 2

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

(the "Applicants")

**AFFIDAVIT OF DEBORAH PAPERINICK
(Sworn June 23, 2011)**

**(Re Extension of Stay Period, Approval of DIP Extension, Replacement of
CRO, Authority to Dispose of Non-Material Assets, Approval of Monitor Reports,
and Approval of D&O Claims Solicitation Procedure)**

I, Deborah Papernick, of the City of Thornhill, in the Province of Ontario,

MAKE OATH AND SAY:

1. I am the Chief Financial Officer (the "CFO") of the Applicant Prizm Inc. ("Prizm GP") and the Court-appointed Chief Restructuring Officer (the "CRO") 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 Fund"), Prizm Canadian Operating Trust, Prizm GP, and Kit Finance Inc. (collectively, the "Applicants") and Prizm LP (together with the Applicants, the "Prizm Entities") seeking:

- (a) An order substantially in the form of the draft Order enclosed at Tab 3 of the Motion Record:
 - (i) extending the Stay Period until September 30, 2011;
 - (ii) approving the DIP Extension Amendment;
 - (iii) approving an amendment to the Papernick CRO Agreement;
 - (iv) approving the Robertson CRO Agreement;
 - (v) authorizing the Prizm Entities to dispose of redundant or non-material assets, and to sell assets or operations not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate subject to the prior consent of the Monitor; and
 - (vi) approving the pre-filing Report of FTI Consulting Canada Inc. in its capacity as the proposed monitor of the Prizm Entities dated March 31, 2011, the First Report of the Monitor dated April 26, 2011 and the Second Report of the Monitor dated May 27, 2011 and the activities of the Monitor described therein; and

- (b) An order (the “**D&O Claims Solicitation Procedure Order**”) substantially in the form of the draft Order enclosed at Tab 4 of the Motion Record approving the proposed D&O Claims Solicitation Procedure; and

(c) Such further and other relief as this Court deems just.

BACKGROUND

3. The Prizm Entities 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 the Initial Order of Justice Morawetz 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 the CCAA proceeding. The Initial Order was amended and restated by the Amended and Restated Initial Order of Justice Mesbur dated April 29, 2011 (the "**Amended and Restated Initial Order**").

4. All of the filings in this CCAA proceeding are available on the Monitor's website at: <http://cfcanada.fticonsulting.com/prizm>.

5. Prizm LP is a franchisee of Yum! Restaurants International (Canada) Company (the "**Franchisor**") and is an independent quick service restaurant operator. Prior to the commencement of the CCAA proceeding, Prizm LP was the largest operator of the KFC concept in Canada, accounting for approximately 60% of all KFC product sales in Canada.

6. Further details regarding the Prizm Entities 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. Any capitalized terms used in this affidavit

but not defined herein shall have the definition attributed to them in the Initial Order Affidavit unless otherwise noted.

7. As described in greater detail in the Initial Order Affidavit, prior to the commencement of the CCAA proceeding, Priszm LP operated approximately 425 KFC, Taco Bell and Pizza Hut restaurants as franchisee. Priszm LP experienced significant same store sales declines for the Priszm Entities in 2009 and 2010 and, as a result, the Priszm Entities' financial performance in FY2009 and FY2010 was well below both prior years' performance and budgeted expectations.

8. The Priszm Entities became unable to meet their liabilities as they came due and breached or otherwise defaulted on various obligations to their creditors, including, among other things, a covenant under Priszm Entities' senior secured indebtedness to Prudential Investment Management Inc., and each Prudential affiliate party thereto (collectively, "**Prudential**").

EXTENSION OF THE STAY PERIOD

9. Since the commencement of the CCAA proceedings, the Priszm Entities have continued operating their business as a going concern.

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

11. On May 30, 2011, Justice Morawetz granted an Approval and Vesting Order with respect to the sale of 204 of the Prizm Entities' restaurant outlets in Ontario, British Columbia and Quebec to Soul Restaurants Canada Inc. (the "**Soul Transaction**") (as described in greater detail in my affidavit sworn May 24, 2011 filed in support of the Prizm Entities' motion to approve the Soul Transaction).

12. The Soul Transaction closed on June 1, 2011 and the Prizm Entities continue to manage their post-sale obligations as contemplated by the Soul Transaction.

13. On or about February 1, 2011, the Prizm Entities commenced a sales process in respect of their restaurants in Alberta, Manitoba, New Brunswick, Nova Scotia and Quebec (the "**Remaining Restaurants**") which did not originally form part of the Soul Transaction (the "**Sales Process**") (as more fully described in my affidavit sworn May 24, 2011 filed in connection with the Prizm Entities' motion to approve the Sales Process).

14. On May 30, 2011, Justice Morawetz granted an order approving the Sales Process *nunc pro tunc*.

15. The deadline for submission of formal bids under the Sales Process was May 25, 2011, and a number of bids were received. The Prizm Entities, in conjunction with the Monitor and Canaccord Genuity Corp. ("**Canaccord Genuity**"), and in consultation with Prudential, have reviewed the submitted bids and are currently in the process of negotiating binding agreements of purchase and sale. The Prizm

Entities intend to return to Court for approval of one or more transactions in the near future.

16. The Prizm Entities are undertaking other restructuring initiatives. Among other things, on May 9, 2011, the Prizm Entities delivered notices of disclaimer effective June 8, 2011 with respect to leases for 11 restaurant outlets that were vacant or subleased.

17. Additionally, on June 20, 2011, the Prizm Entities delivered notices of disclaimer in respect of 27 restaurant outlets which were originally contemplated to be transferred to Soul Restaurants Canada Inc. as part of the Soul Transaction, but which were not ultimately included in the sale, plus two additional locations. The Prizm Entities, with the assistance of Canaccord Genuity, attempted to find a purchaser for these 29 restaurant outlets, but were unable to do so.

18. 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**"). On April 29, 2011, Justice Mesbur granted an Order, among other things, extending the Stay Period until June 30, 2011 ("**Stay Extension Order**").

19. As described above, since the granting of the Initial Order, the Prizm Entities have closed the Soul Transaction and are diligently working toward completion of the Sales Process and the sale of all or substantially all of the Remaining Restaurants.

20. The Prizm Entities continue to explore opportunities to maximize returns for creditors and to preserve ongoing operations for the benefit of their employees, suppliers, customers and other stakeholders.

21. An extension of the stay of proceedings until September 30, 2011, is necessary in order to give the Prizm Entities the time required to complete the Sales Process, negotiate binding agreements of purchase and sale, secure a going concern solution for the business, its approximately 3,000 remaining 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.

22. With the assistance of the Monitor, the Prizm Entities have prepared a Consolidated Cash Flow Forecast (the "**Cash Flow Forecast**") for the period from June 20, 2011 to September 30, 2011 that forecasts the Prizm Entities' receipts, disbursements and financing requirements. I understand a copy of the Cash Flow Forecast will be attached to the Third Report of the Monitor to be served and filed prior to the return of this motion.

23. The Cash Flow Forecast estimates that for the period from June 20, 2011 to September 30, 2011, the Prizm Entities will have total receipts of \$61.5 million and total operating disbursements of \$69.3 million for negative net cash flow of \$7.8 million.

24. The Cash Flow forecast indicates that the Prizm Entities will not require any additional funding prior to September 30, 2011. However, as described in greater detail below, the Prizm Entities entered into a DIP Extension Amendment with Prudential extending the DIP Facility (as defined below) until September 30, 2011.

25. 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.

26. It is my understanding that Prudential and the Monitor support the extension of the Stay Period to September 30, 2011. I am not aware of any opposition to the extension request.

APPROVAL OF DIP EXTENSION AMENDMENT

27. Pursuant to Amendment No. 11 to the Note Purchase and Private Shelf Agreement dated as of March 31, 2011 (the "**DIP Amendment**"), a copy of which is attached hereto as **Exhibit "A"**, Prudential provided the Prizm Entities with a debtor-in-possession facility (the "**DIP Facility**") in the maximum amount of \$3 million.

28. The DIP Facility and a charge in favour of Prudential as the DIP lender (the "**DIP Lender**") were approved in the Initial Order.

29. The DIP Facility expired on May 20, 2011. Prior to its expiry, the Prizm Entities engaged in negotiations with Prudential with respect to an extension of the term of the DIP Facility; however, the parties were unable to complete the extension in time to have the DIP extension approved on May 30, 2011.

30. Following the closing of the Soul Transaction, the Prizm Entities and Prudential, with the assistance of the Monitor, have continued the negotiation of the terms of an extension of the DIP Facility. Pursuant to Amendment No. 12 to Note Purchase And Private Shelf Agreement and Forbearance Agreement dated June 22, 2011 (the "**DIP Extension Amendment**"), the DIP Lender has agreed to renew and extend the DIP Facility to the Prizm Entities until September 30, 2011. Attached hereto as **Exhibit "B"** is a copy of the DIP Extension Amendment.

31. The DIP Extension Amendment contemplates an extension fee to be paid by the Prizm Entities to the DIP Lender on or before June 30, 2011 in the aggregate amount of US\$100,000. The remaining terms of the DIP Extension Amendment are substantially similar to the terms of the DIP Amendment.

32. As demonstrated by the Cash Flow Forecast, it is not anticipated that the Prizm Entities will need to draw on the DIP Facility prior to September 30, 2011. However, the Prizm Entities' actual funding requirements within the CCAA proceedings are sensitive to variances in timing, forecast sales and other factors. Therefore, the DIP Extension Amendment will provide additional stability to the Prizm Entities' operations and protection to Prizm Entities' suppliers.

33. It is my understanding that the Monitor supports the extension of the DIP Facility to September 30, 2011 on the terms set forth in the DIP Extension Amendment.

34. Further, I understand that all "secured creditors" as defined in the CCAA that will be affected by the extension of the DIP Facility have been given notice of this motion.

REPLACEMENT OF CRO

35. On June 15, 2011, I delivered a notice of resignation informing Prizm GP that I would be resigning as CFO of Prizm GP effective June 30, 2011.

36. In addition, I informed the Prizm Entities of my intention to resign as CRO. Following negotiation between the Prizm Entities, Prudential and I, with assistance from the Monitor, the parties have agreed, subject to Court approval, to amend the CRO Agreement to facilitate the wind down and termination of my engagement as CRO effective July 31, 2011. I will continue my duties as CRO for the period from July 1, 2011 until July 31, 2011, albeit on a part-time basis, in order to transition the CRO responsibilities to Jim Robertson, Prizm GP's current Chief Operating Officer. On August 1, 2011, Jim Robertson will, subject to Court approval, take over the full CRO responsibilities.

37. Mr. Robertson has been employed by Prizm GP for over 4 years, has served in his capacity as Chief Operating Officer of Prizm GP since December 2009 and is

intimately familiar with the operations and business of the Prizm Entities. In my opinion, Mr. Robertson is best positioned to take over the responsibilities of CRO.

38. As a result of my resignation as CFO, I have forfeited my entitlement to the retention bonus negotiated prior to the CCAA proceeding. Pursuant to the agreement negotiated with the Prizm Entities I will continue to receive the monthly compensation payable as CRO pursuant to the letter agreement between 2279549 Ontario Inc. and the Prizm Entities dated March 30, 2011 (the “**Papernick CRO Agreement**”) until the end of July. In addition, in consideration for continuing to act as CRO until the end of July, the Prizm Entities have agreed to pay me half of the value of the retention bonus which I would have received pursuant to my CFO KERP had I stayed until the end of August 2011. I understand that Prudential and the Monitor support these arrangements.

39. As part of the motion returnable on June 29, 2011, the Prizm Entities are seeking approval of the Amending Agreement dated June 23, 2011, reflecting the changes to my role and compensation as CRO described above. A copy of the Amending Agreement redacted to remove individually sensitive compensation information is attached hereto as **Exhibit “C”**. I understand that an unredacted version of the Amending Agreement will be attached as a confidential appendix to the Third Report of the Monitor and requested to be sealed and kept confidential.

40. The Prizm Entities are also seeking approval of an agreement between 2289500 Ontario Inc. and the Prizm Entities dated June 23, 2011 (the “**Robertson**

CRO Agreement") pursuant to which Jim Robertson will assume the role of CRO. A copy of the Robertson CRO Agreement redacted to remove individually sensitive compensation information is attached hereto as **Exhibit "D"**. I understand that an unredacted copy of the Robertson CRO Agreement will be attached as a confidential appendix to the Third Report of the Monitor and requested to be sealed and kept confidential.

41. There will be no increase in the total amount payable by the Prizm Entities resulting from my replacement as the CRO as compared to the amounts which would have been paid in the event that I had remained as CFO and CRO until the end of August as previously contemplated.

42. I note that the Robertson CRO Agreement requires that he cannot resign from the position of CRO prior to September 5, 2011 and that he will not receive any KERP bonus for his role as CRO until the end of September, unless these proceedings are completed prior to that date, the remaining assets of the Prizm Entities have all been sold or a receiver or trustee is appointed over the property, assets and undertakings of the Prizm Entities prior to that date.

43. I believe that the approval of the Robertson CRO Agreement and the Amending Agreement will benefit the Prizm Entities by ensuring the smooth transition of the CRO role and ensuring that there is executive authority to direct the Prizm Entities for at least until September 5, 2011 and likely beyond.

DISPOSITION OF REDUNDANT OR NON-MATERIAL ASSETS

44. As a result of the sale and closing of some of the Prizm Entities' restaurant outlets, there are a number of non-material or redundant assets. In order to realize value from these assets for the benefit of their stakeholders, the Prizm Entities are seeking authority to dispose of such non-material or redundant assets or to sell assets or operations not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate subject to the prior consent of the Monitor.

APPROVAL OF THE D&O CLAIMS SOLICITATION PROCEDURE

45. The Initial Order creates an indemnity in favour of the current and former directors and officers of the Prizm Entities, Deborah Papernick and 2279549 Ontario Inc. in its capacity as CRO of the Prizm Entities (collectively, the "**Directors and Officers**") against any obligations and liabilities that they may incur as directors, officers or CRO of the Prizm Entities, whichever is applicable (the "**Indemnity**"). A charge to secure the Prizm Entities' obligations under the Indemnity (the "**D&O Charge**"), up to an aggregate amount of \$9.8 million, was granted over the Property (as defined in paragraph 4 of the Amended and Restated Initial Order).

46. In order to be a position to distribute proceeds to its creditors in the future it is necessary to determine the scope of the obligations and liabilities, if any, which may be covered by the D&O Charge. Accordingly, the Prizm Entities are seeking approval of a claims procedure (the "**D&O Claims Solicitation Procedure**") to solicit

claims against the Directors and Officers. Any capitalized terms used in this section of my affidavit but not defined herein shall have the meanings ascribed to them in the draft D&O Claims Solicitation Procedure Order.

47. The D&O Claims Solicitation Procedure contemplates the solicitation of two categories of claims:

- (a) D&O Claims against one or more of the Directors and Officers which arose as a result of their position, supervision, management or involvement as a Director and Officer of a Prizm Entity, on or before June 30, 2011 (the “**Initial D&O Claims**”); and
- (b) D&O Claims against one or more of the Directors and Officers of a Prizm Entity which arose, as a result of their position, supervision, management or involvement as a Director and Officer of a Prizm Entity after June 30, 2011 (the “**Subsequent D&O Claims**”).

48. The proposed D&O Claims Solicitation Procedure provides that the Initial D&O Claims must be submitted by August 19, 2011, failing which they will be forever barred and extinguished. The Monitor shall cause the Notice to Creditors of Initial D&O Claims Bar Date to be published in each of *The Globe and Mail* (national edition) and *La Presse* and to be posted on the Monitor’s Website as soon as practicable after the date of the D&O Claims Solicitation Order.

49. Subsequently, the Prizm Entities, in consultation with the Monitor, will establish a Subsequent D&O Claims Bar Date. The Monitor will publish the Notice to Creditors of Subsequent D&O Claims Bar Date in each of *The Globe and Mail*

(national edition) and *La Presse* as soon as practicable after the Subsequent D&O Claims Bar Date has been set and not less than four (4) weeks prior to the Subsequent D&O Claims Bar Date. Any D&O Creditor with a Subsequent D&O Claim who does not submit their Subsequent D&O Claims by the Subsequent D&O Claims Bar Date shall be forever barred from asserting or enforcing such Subsequent D&O Claim.

50. The D&O Claims Solicitation Procedure Order provides that any Person that wishes to assert a D&O Claim must input their claim information electronically via a secure internet site managed by the Monitor (the "**FTI Claims Site**"). I am informed by the Monitor that FTI has successfully used such claims sites in insolvency proceedings under both the CCAA and the *Bankruptcy and Insolvency Act*. The Monitor also informs me that greater details about the FTI Claims Site will be provided in the Third Report of the Monitor.

51. If a D&O Creditor is unwilling or unable to submit information via the FTI Claims Site, they can complete and deliver the Information Submission Form and Supporting Documentation Form (available from the Monitor) to the Monitor by facsimile, email or electronic transmission, personal delivery, courier or prepaid mail.

52. The proposed D&O Claims Solicitation Procedure has been developed with the assistance of the Monitor, and I am advised that the Monitor supports the D&O Claims Solicitation Procedure.

CONCLUSION

53. This affidavit is sworn in support of the Prizm Entities' motion for an Order, *inter alia*, (a) extending the Stay Period until September 30, 2011; (b) approving the DIP Extension Amendment; (c) approving the amendments to the Papernick CRO Agreement; (d) approving the Robertson CRO Agreement; (e) authorizing the Prizm Entities to dispose of redundant or non-material assets, and to sell assets or operations not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate subject to the prior consent of the Monitor; (f) approving the D&O Claims Solicitation Procedure; (g) approving certain reports of the Monitor and the activities described therein.

SWORN BEFORE ME at the City of
Toronto, Province of Ontario, on
June 23, 2011.



Commissioner for Taking Affidavits

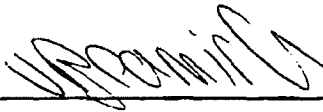


Deborah Papernick

Vanessa Alexandra Beamish, a
Commissioner etc., Province of Ontario,
while a Student-at-Law,
Expires May 10, 2014.

A

**This is Exhibit "A"
referred to in the Affidavit of
Deborah Papernick
sworn before me on the
23rd day of June, 2011**



A Commissioner for Taking Affidavits

KIT FINANCE INC.
AMENDMENT NO. 11 TO NOTE PURCHASE AND
PRIVATE SHELF AGREEMENT

As of March 31, 2011

**To each of the Current Noteholders
Named in Annex 1 hereto**

Ladies and Gentlemen:

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

1. PRELIMINARY MATTERS.

1.1. Note Issuance, etc.

The Company issued and sold (a) C\$73,596,400 in aggregate principal amount of its 6.795% Series A Senior Secured Guaranteed Notes originally due January 13, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Series A Notes**") and (b) C\$2,036,700 of its Shelf Notes (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Shelf Notes**"); the Company also issued and, in part from time to time, sold, (c) US\$3,700,000 of its senior secured guaranteed promissory notes originally due January 31, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Initial Series 2011 Notes**") and (d) \$2,900,000 of its senior secured guaranteed promissory notes due May 20, 2011 (as in effect and as may be amended, restated, replaced or otherwise modified from time to time, the "**Second Series 2011 Notes**"; the Initial Series 2011 Notes and the Second Series 2011 Notes herein referred to as the "Series 2011 Notes", and together with the Series A Notes and the Shelf Notes, collectively, the "**Existing Notes**"), in each case pursuant to a Note Purchase and Private Shelf Agreement, dated as of January 12, 2006, entered into by and among the Obligors, Prudential Investment Management, Inc. ("**Prudential**") and each of the Purchasers listed in Annex A attached thereto, as amended by (i) Amendment No. 1 to Note Purchase and Private Shelf Agreement dated as of January 31, 2006, (ii) Amendment No. 2 to Note Purchase and Private Shelf Agreement, dated as of July 11, 2006, (iii) Amendment No. 3 to Note Purchase and Private Shelf Agreement dated as of June 21, 2007, (iv) Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of February 29, 2008, (v) Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of September 7, 2008, (vi) Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of March 26, 2009, (vii) Waiver and Amendment No. 7 to Note Purchase and Private Shelf Agreement dated as of December 22, 2009, (viii) Waiver and Amendment No. 8 to Note Purchase and Private Shelf Agreement dated as of March 12, 2010,

(ix) Amendment No. 9 to Note Purchase and Private Shelf Agreement dated as of January 19, 2011 and (x) Amendment No. 10 to Note Purchase and Private Shelf Agreement (“**Amendment No. 10**”) dated as of February 1, 2011 (as so amended, the “**Existing Note Agreement**”; and as amended by this Amendment No. 11 to Note Purchase and Private Shelf Agreement (together with all Annexes, Exhibits, Schedules and attachments hereto, this “**Amendment Agreement**” or this “**Agreement**”), the “**Note Agreement**”). The register for the registration and transfer of the Notes indicates that the Persons named in Annex 1 hereto (collectively, the “**Current Noteholders**”) are currently the holders of the entire outstanding principal amount of the Existing Notes.

1.2. Requested Actions.

The Obligors have requested that the Current Noteholders amend certain provisions of the Existing Note Agreement, and that the Current Noteholders conditionally agree to purchase a new series of senior secured promissory notes entitled the “**Post-Petition Notes**”, all as more particularly provided for herein.

2. DEFINED TERMS.

Capitalized terms used herein and not defined herein have the respective meanings given them pursuant to Amendment No. 10 or, if not defined therein, in the Noteholder Forbearance Agreement (defined below), or, if not defined therein, in the Note Agreement.

3. AMENDMENTS TO AMENDMENT NO. 10 AND TO EXISTING NOTE AGREEMENT.

Subject to Section 5 hereof, Amendment No. 10 and the Existing Note Agreement are hereby amended as set forth in this Section 3 (the “**Amendments**”):

3.1. Amendment and Restatement of Section 1.3 through Section 1.7 of Amendment No. 10.

Section 1.3 through Section 1.7, inclusive, of Amendment No. 10 are hereby amended and restated in their entirety as follows:

“1.3 Authorization of Post-Petition Notes.

The Company has authorized the issue and sale of its senior secured guaranteed promissory notes (as may be amended, restated, replaced or otherwise modified from time to time, the “**Post-Petition Notes**”; the Post-Petition Notes, the Series 2011 Notes, and the Existing Notes, are herein collectively referred to as the “**Notes**”) in the maximum aggregate principal amount of up to US\$3,000,000 at any time, to be dated the date of issue thereof, to mature May 20, 2011, to bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 10.00% *per annum* and on overdue

principal and overdue interest at the rate specified in the Note Agreement, to have such other terms as are provided in the Note Agreement, and to be substantially in the form attached as Exhibit A-5 to the Note Agreement. For the avoidance of doubt, and subject to the terms and conditions provided herein and in the Note Agreement, the Post-Petition Notes shall be issued and sold to the Current Noteholders from time to time as provided herein and in the Note Agreement, ratably to each Current Noteholder based on the percentage of each such Post-Petition Note as set forth in the Post-Petition Notes Purchaser Schedule (defined below); subject to the terms and conditions contained herein and in the Note Agreement, the Company shall be entitled to issue Post-Petition Notes, and the Current Noteholders shall be obligated to purchase such Post-Petition Notes, from the Effective Date through May 13, 2011 (the “**Post-Petition Notes Issuance Period**”). In no event shall the aggregate principal amount of all Post-Petition Notes outstanding at any time hereunder and under the Note Agreement exceed US\$3,000,000 at any time. For the avoidance of doubt, the obligation of each Noteholder to purchase any Post-Petition Note at any time shall be limited so that any such proposed issuance or purchase would not cause the aggregate principal amount of Post-Petition Notes outstanding to exceed US\$3,000,000. The terms “**Post-Petition Note**” and “**Post-Petition Notes**” as used herein shall include each Post-Petition Note delivered pursuant to any provision of this Agreement and each Post-Petition Note delivered in substitution or exchange for any such Post-Petition Note pursuant to any such provision. Each of the Post-Petition Notes shall constitute a “Note” for all purposes, including under the Note Agreement, the other Transaction Documents and the Security Documents.

1.4 Purchase and Sale of Post-Petition Notes.

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

1.5 Purchase and Sale Mechanics.

On any Business Day during the Post-Petition Notes Issuance Period, the Obligors may, by delivery to the Current Holders of a Verified Issuance Notice (as defined below) prior to 1:00 pm Eastern time, inform the Current Holders of its intention to issue Post-Petition Notes on the immediately following Business Day (such immediately following Business Day with respect to such Verified Issuance Notice is herein referred to as a “**Proposed Issuance Date**”). On such Proposed Issuance Date, the Obligors shall execute and deliver to each Current Noteholder at the offices of Prudential Capital Group in New York, NY (and any other such location directed by the Current Noteholders), a Post-Petition Note registered in its name, dated the date of issuance, evidencing the principal amount of such Post-Petition Note to be purchased by such Current Noteholder (denominated in U.S. Dollars), which principal amount shall constitute the respective percentage (as set forth in the Post-Petition Notes Purchaser Schedule) for such Current Holder of the aggregate amount of Post-Petition Notes issued and sold on such date, against payment of the purchase price thereof by transfer of immediately available U.S. Dollar funds for credit to the

Company's account as set forth on Exhibit C hereto. The aggregate amount of Post-Petition Notes that may be issued on any Proposed Issuance Date shall be no less than US\$100,000, and any greater amount shall be in even aggregate increments of US\$25,000.

1.6 Verified Issuance Notice.

(a) As used herein, "**Verified Issuance Notice**" means a written issuance notification as described in this Section 1.6, certified by a Senior Financial Officer or the Chief Restructuring Officer of the Company and delivered to the Current Noteholders by 1:00 pm Eastern time on any Business Day (other than the last Business Day) during the Post-Petition Notes Issuance Period (such written issuance notification shall be delivered to the Current Noteholders via email transmission to the addresses set forth on the Post-Petition Notes Purchaser Schedule, and confirmed by Company personnel by telephone contact with each recipient of such email prior to 1:00 pm on such date), which written issuance notification shall not have been superseded pursuant to Section 1.6(b) hereof. Such written issuance notification shall constitute the Company's irrevocable determination to issue Post-Petition Notes on the Proposed Issuance Date, and shall be prepared, delivered and consist of, and be subject to, the following: (i) the certification by the Company that the representations and warranties contained in Section 4 hereof are true and correct on and as of the date of such certification, that no Default or Event of Default other than the "Specified Defaults" as defined in the Noteholder Forbearance Agreement exist at such time; (ii) the satisfaction of the Current Noteholders in their sole discretion with respect to the form and substance of all orders, if any, that have been entered in respect of the Obligors' application pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), including with respect to priority and preference on collateral, and after such application is made, the continuation of such proceeding; (iii) the Company shall have previously, in consultation with the monitor in the CCAA proceedings in respect of, *inter alia*, the Company (the "**CCAA Proceedings**"), FTI Consulting Canada Inc. (in such capacity, the "**Monitor**") prepared a cash projection on a cash-book basis that is current as of the Monday immediately prior to the date of delivery of such Verified Issuance Notice (or, if such date of delivery is a Monday, such projection shall be current as of such date). the contents of which have been reviewed by the Monitor and as to which the Monitor has provided a report substantially in the form set forth as Exhibit D hereto; (iv) such cash projection shall be accompanied by a certificate of a Senior Financial Officer or the Chief Restructuring Officer of the Company setting forth the Company's request for additional funds to be met through the issuance of Post-Petition Notes at such time, with the requested amount of such additional funds supported by such cash projection; (v) such cash projection and such certificate of a Senior Financial Officer or the Chief Restructuring Officer of the Company shall be delivered to the Current Noteholders, and the Current Noteholders' financial advisor RSM Richter Corporation ("**Richter**"), by 5:00 pm on the Business Day that is two Business Days immediately prior to the Proposed Issuance Date; (vi) if the Current Noteholders and Richter are satisfied with such cash projection and if clauses (i) to (v) above have been satisfied or waived, such Post-Petition Notes shall be purchased in accordance with the terms hereof; and (vii) if the Current Noteholders or Richter are not satisfied with such cash projection, then they shall promptly contact the Monitor and Richter and the Monitor shall consult and use

reasonable commercial efforts to come to agreement on any discrepancies as quickly as possible. If after such consultation the Current Noteholders and Richter are satisfied with such cash projection and any changes thereto, such Post-Petition Notes shall be purchased in accordance with the terms hereof.

(b) If the Current Noteholders and Richter are not satisfied with such cash projection and cannot come to agreement on any discrepancies with the Company and/or the Monitor, the Current Noteholders may thereafter inform the Company, prior to 5:00 pm Eastern time on the Business Day immediately prior to the Proposed Issuance Date, that they will not purchase such Post-Petition Notes on the Proposed Issuance Date, such written issuance notification shall be superseded and the Company shall thereafter not issue and sell such Notes on such Proposed Issuance Date and the Current Noteholders shall have no obligation to purchase any such Notes.

(c) On the date of issuance of any Post-Petition Notes, the Company shall pay to each Current Noteholder an issuance fee equal to one percent (1.00%) of the principal amount of the Post-Petition Notes issued to such Current Holder on such date, up to an aggregate issuance fee for the Post-Petition Notes of US\$30,000, after receipt of which no additional issuance fee shall be due and payable in connection with the issuance of Post-Petition Notes.

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

1.7 Required Prepayments of the Post-Petition Notes.

(a) On each Wednesday during the Forbearance Period the Obligors will make a payment on the Post-Petition Notes in the aggregate amount of the Excess Cash Amount determined at such time (which payment shall be applied to the Post-Petition Notes in the manner set forth in Section 1.7(c) hereof). As used herein, the term “**Excess Cash Amount**” means, as of any Wednesday, the excess, if any, of (1) the Obligors’ cash balance as of the immediately preceding Friday over (2) US\$2,000,000. Notwithstanding the foregoing (x) the calculation of Excess Cash Amount shall be reduced by (i) the maximum amount of Post-Petition Notes that the Obligors could have issued to the Noteholders by delivery of a Verified Issuance Notice on such Wednesday and (ii) the additional cash amount required (beyond such balance of \$2,000,000) to pay current-week disbursements in accordance with the Obligors’ cash flow projections, (x) the amount of such payment shall be rounded (up or down) to the nearest increment of US\$25,000, (y) a prepayment need not be made hereunder if the aggregate amount of such payment would be less than US\$100,000 and (z) the calculation of “Excess Cash Amount” shall exclude any proceeds arising directly from the Disposition of any Assets of the Obligor Group, Prizm Income Fund or Prizm Canadian Operating Trust that has been approved by the Court.

(b) The Obligors shall provide notice of any payment to be made pursuant to Section 1.7(a) as soon as practicable but in no event later than the time of such payment, by delivery to the Noteholders of a notice of payment (such notice to be delivered to the Persons, and via the email addresses with telephone confirmations, provided herein with respect to delivery of a

Verified Issuance Notice for a new issuance of Post-Petition Notes) specifying the Excess Cash Amount and accompanied by the Obligors' detailed calculation of such amount.

(c) Each payment received pursuant to this Section 1.7 shall be applied *first*, to the outstanding Post-Petition Notes, to the principal thereof until the amount of such payment is exhausted, applied ratably with respect to all such Post-Petition Notes held by all Noteholders, to the extent of all of the outstanding principal amount of Post-Petition Notes at such time, and *second*, to the payment of all interest accrued and unpaid with respect to the Post-Petition Notes."

3.2 Confirmation with respect to Certain Interest Accruals and Payments.

The Obligors and the Noteholders hereby confirm (a) that, notwithstanding the provisions of Section 1.7(c) of Amendment No. 10 as in effect immediately prior to the Effective Date, the payments received on or prior to the date hereof from the Obligors in respect of the Initial Series 2011 Notes and the Second Series 2011 Notes, have been applied to reduce the outstanding principal amount of such Notes and have not been applied to interest (which remains outstanding and unpaid); (b) that, while interest continues to accrue on all outstanding Notes, and notwithstanding the terms of such Notes, payment of accrued interest in respect of the Notes (other than with respect to the Post-Petition Notes) has been deferred until the earlier of (i) payment of the underlying principal amount of the Notes and (ii) the occurrence of a "Forbearance Termination Event" as defined in the Amended and Restated Noteholder Forbearance Agreement dated as of March 31, 2011 between the Noteholders and the Obligors (as amended, restated, supplemented or modified from time to time, the "**Noteholder Forbearance Agreement**"); and (c) notwithstanding any provisions of Amendment No. 9, Amendment No. 10 or the Note Agreement to the contrary, no Initial Series 2011 Notes and no Second Series 2011 Notes shall be issuable or issued on or at any time after the Effective Date.

3.3 Amendment of Note Agreement.

The Existing Note Agreement is hereby amended as provided for by this Amendment Agreement in the manner specified in Exhibit A hereto (the "**Note Agreement Amendments**").

4. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

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

4.1. Organization, Power and Authority, etc.

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

4.2. Authorization, etc.

Assuming the effectiveness of the Initial Order granted by the Court in the CCAA Proceedings, this Amendment Agreement has been duly authorized by all necessary corporate action on the part of each Obligor, and constitutes a legal, valid and binding obligation of each Obligor, in each case, enforceable against the such Obligor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.3. Legal Validity.

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

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

4.4. No Defaults.

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

4.5. Benefit of Security.

The obligations of the Obligors in respect of the Note Agreement and the Notes are entitled to the full and ratable benefit of the Security. The Post-Petition Notes shall have the full benefit of the Security. In addition, any Post-Petition Notes issued on or after the filing of an application by the Obligors pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA") shall be secured by all or substantially all of the assets

of the Obligors, and (assuming the effectiveness of the Initial Order granted by the Court in the CCAA Proceedings) shall have priority as to time and right of payment and shall have priority with respect to such collateral in accordance with the terms of the Initial Order.

5. EFFECTIVENESS OF THE AMENDMENTS.

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

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

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

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

6. EXPENSES.

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

7. REAFFIRMATION.

Each of the Company and Prizm Inc. hereby (i) acknowledges and affirms all of its obligations under the terms of each Security Document and Transaction Document to which it is a party, including, without limitation, the Omnibus Amendment Agreement, and in the case of Prizm Inc, the KIT Inc. Guarantee, and agrees all such agreements shall continue to remain in full force and effect, and (ii) acknowledges and agrees that such Security Documents and Transaction Documents, including, without limitation, the Omnibus Amendment Agreement, and

in the case of Prizm Inc., the Kit Inc. Guarantee, shall secure and guaranty the obligations under the Note Agreement and the Notes pursuant to the terms thereof.

8. MISCELLANEOUS.

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

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

8.2. Counterparts; Effectiveness.

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

8.3. Governing Law.

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

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

KIT FINANCE INC.

By: DP
Name: Deborah Papernick
Title: CFO

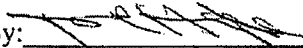
PRISZM INC.

By: DP
Name: Deborah Papernick
Title: CFO

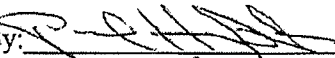
[Signature page to Amendment No. 11 to Note Purchase and Private Shelf Agreement]

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

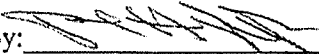
**PRUDENTIAL INVESTMENT
MANAGEMENT, INC.**

By: 
Name: Paul H. Prouty
Title: Vice President

**THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA**

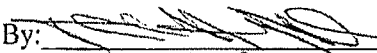
By: 
Name: Paul H. Prouty
Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: 
Name: Paul H. Prouty
Title: Assistant Vice President

**PRUDENTIAL RETIREMENT
INSURANCE AND ANNUITY
COMPANY**

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

By: 
Name: Paul H. Prouty
Title: Vice President

[Signature page to Amendment No. 11 to Note Purchase and Private Shelf Agreement]

Annex 1

CURRENT NOTEHOLDERS

The Prudential Insurance Company of America

Pruco Life Insurance Company

Prudential Retirement Insurance and Annuity Company

Exhibit A to 11th Amendment**NOTE AGREEMENT AMENDMENTS**

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

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

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

“4J Certain Terms of the Post-Petition Notes. On or around March 31, 2011, the Company’s additional senior secured guaranteed promissory notes due May 20, 2011 (as amended from time to time, the **“Post-Petition Notes”**) were authorized within and pursuant to Amendment No. 11 to Note Purchase and Private Shelf Agreement, dated as of March 31, 2011, between the Obligors and the holders of the Notes at such time (the **“11th Amendment”**). As further set forth in the 11th Amendment and herein, such Post-Petition Notes may be issued from time to time and, subject to the terms and conditions contained therein and herein, each such issuance shall be made to the Persons identified on the schedule attached as Annex 1C hereto (the **“Post-Petition Notes Purchaser Schedule”**). The Post-Petition Notes shall: (i) constitute “Notes” for all purposes hereunder and under the other Transaction Documents and the Security Documents, (ii) be denominated in U.S. Dollars and be subject to issue up to a maximum aggregate principal amount of US\$3,000,000, (iii) be dated the date of issue thereof, (iv) mature on May 20, 2011, (v) bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 10.00% *per annum* and on overdue principal and overdue interest at the Default Rate, (vi) be subject to prepayment in full together with all accrued interest thereon at any time without penalty or premium and without payment of a Yield-Maintenance Amount upon at least 5 Business Days notice to the holders thereof, and (vii) be substantially in the form attached as Exhibit A-5 hereto.”

3. Paragraph 8I of the Existing Note Agreement shall be amended by amending and restating the last sentence at the end of Paragraph 8I to read as follows:

“Notwithstanding the first sentence of this paragraph 8I, the use of the proceeds from the issuance of the Second Series 2011 Notes and the Post-Petition Notes shall be for the general corporate purposes of the Obligors.”

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

“**Post-Petition Notes**” shall have the meaning specified in paragraph 4J.”

“**Post-Petition Notes Purchaser Schedule**” shall have the meaning specified in paragraph 4J.”

“**11th Amendment**” shall have the meaning specified in paragraph 4J.”

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

Annex 1C to Note Agreement

POST-PETITION NOTES PURCHASER SCHEDULE

	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Percentage of each issuance of Post-Petition Notes</u>
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	\$	85.43481%

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

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

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

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

- (2) Address for all notices relating to payments:

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

Attention: Manager, Billings and Collections

- (3) Address for all other communications and notices:

The Prudential Insurance Company of America

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

Attention: Managing Director

- (4) Recipient of telephonic prepayment notices:

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

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

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

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

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

- (6) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

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

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

- (7) Tax Identification No.: 22-1211670

PURCHASER SCHEDULE

	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Percentage of each issuance of Post Petition Notes</u>
PRUCO LIFE INSURANCE COMPANY	\$	12.03544%
<p>(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:</p> <p>JPMorgan Chase Bank New York, NY ABA No.: 021-000-021 Account No.: P86192 (please do not include spaces) Account Name: Pruco Life Private Placement</p> <p>Each such wire transfer shall set forth the name of the Company, a reference to "[Description of Notes], PPN _____", and the due date and application (as among principal and interest) of the payment being made.</p>		
<p>(2) Address for all notices relating to payments:</p> <p>Pruco Life Insurance Company c/o The Prudential Insurance Company of America c/o Investment Operations Group Gateway Center Two, 10th Floor 100 Mulberry Street Newark, NJ 07102-4077</p> <p>Attention: Manager, Billings and Collections</p>		
<p>(3) Address for all other communications and notices:</p> <p>Pruco Life Insurance Company c/o Prudential Capital Group - Corporate and Project Workouts Three Gateway Center, 18th Floor 100 Mulberry Street Newark, NJ 07102</p>		

Attention: Managing Director

- (4) Recipient of telephonic prepayment notices:

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

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

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

- (6) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

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

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

- (7) Tax Identification No.: 22-1944557

PURCHASER SCHEDULE

	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Percentage of each issuance of Post Petition Notes</u>
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY	\$	2.52974%

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

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

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

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

- (2) Address for all notices relating to payments:

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

- (3) Address for all other communications and notices:

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

Three Gateway Center, 18th Floor
Newark, NJ 07102

Attention: Managing Director

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

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

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

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

- (5) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

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

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

- (6) Tax Identification No.: 06-1050034

“

6. The Exhibits to the Existing Note Agreement shall be amended by inserting a new Exhibit entitled "Exhibit A-5 to Note Agreement" immediately following Exhibit A-4 to the Existing Note Agreement as is set forth on the following page:

EXHIBIT A-5 to Note Agreement

[FORM OF POST-PETITION NOTE]

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

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

KIT FINANCE INC.

10.00% POST-PETITION SENIOR SECURED GUARANTEED NOTE DUE MAY 20, 2011

No. R3-2011-[____]

PPN: _____

US\$[_____]

[DATE]

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

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

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

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

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

This Note is secured by, and entitled to the benefits of, the collateral described in the Security Documents, and shall be further secured by all or substantially all of the assets of the Obligors, with priority as to time and right of payment and with priority respect to such collateral over all other Notes and all other obligations in respect of pre-existing indebtedness of the Obligors. Reference is made to, among other things, the Security Documents for the terms and conditions governing the collateral security for the obligations of the Company hereunder.

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

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

In case an Event of Default (other than a Specified Default), each as defined in the Note Agreement and/or the Noteholder Forbearance Agreement, shall occur and be continuing, the

principal of this Note may be declared or otherwise become due and payable in the manner, at the price and with the effect provided in the Note Agreement.

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

KIT FINANCE INC.

By: _____

Name:

Title:

“

Exhibit C to 11th Amendment

Company wire transfer account information

FOR WIRE TRANSFERS IN U.S. DOLLARS

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

Exhibit D to 11th Amendment**Form of FTI report on cash flow projections**

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

1. The attached cash flow forecast (the "Forecast") has been prepared by the management of KIT FINANCE INC. and PRISZM INC. (collectively, "Prizm") for the purpose described in Note 1, using the Probable and Hypothetical Assumptions set out in Notes 2 to ____.
2. FTI Consulting's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Prizm. Since Hypothetical Assumptions need not be supported, FTI Consulting's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Forecast. FTI Consulting has also reviewed the support provided by management of the Prizm for the Probable Assumptions, and the preparation and presentation of the Forecast.
3. Based on its review, nothing has come to the attention of FTI Consulting that causes it to believe that, in all material respects:
 - a. the Hypothetical Assumptions are not consistent with the purpose of the Forecast;
 - b. as at the date of this report, the Probable Assumptions developed by management are not suitably supported and consistent with the plans of the Prizm or do not provide a reasonable basis for the Forecast, given the Hypothetical Assumptions; or
 - c. the Forecast does not reflect the Probable and Hypothetical Assumptions.
4. Since the Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, FTI Consulting expresses no assurance as to whether the Forecast will be achieved. FTI Consulting expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by FTI Consulting in preparing this report.
5. The Forecast has been prepared solely for the purpose described in Note 1 on the face of the Forecast, and readers are cautioned that it may not be appropriate for other purposes.