

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) FRIDAY, THE 18<sup>th</sup> DAY  
)  
MADAM JUSTICE PEPALL ) OF JUNE, 2010

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

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

**APPLICANTS**



**PLAN SANCTION ORDER**

**THIS MOTION** made by Canwest Publishing Inc./Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. and Canwest (Canada) Inc. (the “**Applicants**”) and Canwest Limited Partnership/Canwest Societe en Commandite (“**Limited Partnership**”, collectively and together with the Applicants, the “**LP Entities**”, and each an “**LP Entity**”), for an order sanctioning the consolidated plan of compromise concerning, affecting and involving the LP Entities dated May 20, 2010, as such Plan has been and may be amended, varied or supplemented by the LP Entities from time to time in accordance with the terms thereof (the “**Plan**”), which is attached as Schedule “A” hereto, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Affidavit of Douglas E.J. Lamb sworn June 14, 2010 (the “**Lamb Affidavit**”), the Eighth Report of FTI Consulting Canada Inc. (the “**Monitor’s Eighth Report**”) in its capacity as Court-appointed monitor of the LP Entities (the “**Monitor**”) and the Supplement to the Monitor’s Eighth Report dated June 10, 2010, the Tenth Report dated June 14, 2010, the asset purchase agreement between CW Acquisition Limited Partnership (the “**Assignor**”), 7535538 Canada Inc. (“**Holdco**”) and the LP Entities dated as of May 10, 2010 (the “**Asset Purchase Agreement**”), the Assignment and Amending Agreement

dated June 10, 2010 (the “**Assignment and Amending Agreement**”) between Holdco, the Assignor, 7536321 Canada Inc. (the “**Purchaser**”) and the LP Entities pursuant to which the Assignor has assigned its interest under the Asset Purchase Agreement to the Purchaser and on hearing from counsel for the LP Entities, the Monitor, the ad hoc committee of holders of 9.25% notes and senior subordinated debt issued by the Limited Partnership, The Bank of Nova Scotia in its capacity as Administrative Agent (the “**Administrative Agent**”) for the Senior Lenders, the court-appointed representatives of the salaried employees and retirees and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed.

## **DEFINITIONS**

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Plan Sanction Order shall have the meanings ascribed to them in the Plan.

## **SERVICE AND CREDITORS’ MEETING**

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and that the motion is properly returnable today and service upon any interested party other than those parties served is hereby dispensed with and that the service of the Notice of Motion, the Motion Record and the Monitor’s Eighth Report as effected by the LP Entities is hereby validated in all respects.

3. **THIS COURT ORDERS** that there has been good and sufficient service and delivery of the Meeting Order granted by this Court on May 17, 2010, and all documents referred to in the Meeting Order, including the notice of the Creditors’ Meeting and the Plan to all Affected Creditors.

4. **THIS COURT ORDERS** that the Creditors’ Meeting was duly convened and held, all in conformity with the CCAA and the Orders of the Court made in these proceedings, including the Meeting Order.

## **APPROVALS AND AUTHORIZATIONS**

5. **THIS COURT ORDERS AND DECLARES** that the execution, delivery and performance of the Assignment and Amending Agreement, attached as Exhibit “G” to the Lamb

Affidavit, by the LP Entities is hereby authorized and approved, and the LP Entities are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transactions contemplated therein.

6. **THIS COURT ORDERS** that the LP Entities are hereby authorized to amend the agreement dated as of November 1, 2009 between CRS Inc. and Gary Colter (collectively, the “**LP CRA**”), Canwest Global Communications Corp. and the LP Entities (the “**LP CRA Agreement**”) and that the letter agreement dated as of July 1, 2010 that, among other things, confirms the continuing retainer of the LP CRA (the “**Amending CRA Retainer Letter**”) is hereby approved.

7. **THIS COURT ORDERS** that either of Douglas E.J. Lamb, Kevin Bent or Steven Pasternak is hereby authorized and directed to execute the Assignment and Amending Agreement and the Amending CRA Retainer Letter on behalf of the LP Entities.

8. **THIS COURT ORDERS** that all references to the LP CRA Agreement in paragraphs 42, 43 and 45 to 47 of the Initial Order be and are hereby deemed also to refer to the Amending CRA Retainer Letter.

#### **SANCTION OF THE PLAN**

9. **THIS COURT ORDERS** that the relevant class of Creditors of the LP Entities for the purpose of voting to approve the Plan is the Unsecured Creditors’ Class.

10. **THIS COURT ORDERS AND DECLARES** that (a) the Plan has been approved by the Required Majority of Affected Creditors in conformity with the CCAA; (b) the LP Entities have complied with the provisions of the CCAA and the Orders of the Court made in these proceedings in all respects; (c) the Court is satisfied that the LP Entities have not done or purported to do anything that is not authorized by the CCAA; and (d) the LP Entities have acted in good faith and with due diligence and the Plan and all the terms and conditions of, and matters and transactions contemplated by, the Plan are fair and reasonable.

11. **THIS COURT ORDERS** that the Plan is hereby sanctioned and approved pursuant to section 6 of the CCAA.

## PLAN IMPLEMENTATION

12. **THIS COURT ORDERS** that any one of Douglas E.J. Lamb, Kevin Bent or Steven Pasternak is hereby authorized and directed to take all actions necessary or appropriate to enter into, adopt, execute, deliver, implement and consummate the contracts, instruments, releases, all other agreements or documents to be created or which are to come into effect in connection with the Plan, including the Assignment and Amending Agreement, and all matters contemplated under the Plan involving corporate action of the LP Entities on behalf of the LP Entities and such actions are hereby approved and will occur in accordance with the Plan, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the LP Entities. Further, to the extent not previously given, all necessary approvals to take such action shall be and are hereby deemed to have been obtained from the directors or the shareholders of the LP Entities, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution, and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated in the Plan shall be effective or have any force or effect.

13. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Plan in accordance with its terms, and enter into, execute, deliver, implement and consummate all of the steps, transactions and agreements contemplated pursuant to the Plan.

14. **THIS COURT ORDERS** that, subject to paragraph 15 below, upon the delivery of the Monitor's Plan implementation certificate to the Purchaser and the LP Entities in accordance with Section 9.4 of the Plan, substantially in the form attached hereto as Schedule "B", the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are and shall be implemented in accordance with the provisions of the Plan.

15. **THIS COURT ORDERS** that the Monitor shall file with the Court a copy of the Plan implementation certificate referred to in paragraph 14 above as soon as reasonably practicable after delivery thereof, provided that notwithstanding any other provision in this Plan Sanction Order, the Monitor shall not deliver the Monitor's Plan implementation certificate

unless and until (i) the Monitor has received confirmation from the Administrative Agent that the Administrative Agent has received, or escrow arrangements satisfactory to the Administrative Agent have been made, to ensure that the Administrative Agent receives, from or on behalf of the LP Entities in immediately available funds an amount sufficient to be distributed to the Senior Lenders in indefeasible repayment in full of all amounts owing under the Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement (as such capitalized terms are defined in the Initial Order) and any other amounts secured by security granted by the LP Entities in favour of the Collateral Agent (as defined in the Senior Credit Agreement), including Cash Management Claims, provided that the cash management services currently provided to the LP Entities by The Bank of Nova Scotia will either be assumed by the Purchaser or terminated on the Plan Implementation Date, in either case on terms satisfactory to the Purchaser and The Bank of Nova Scotia, acting reasonably; and (ii) the Monitor has received confirmation from the DIP Administrative Agent that either the DIP Lender Distribution Amount is nil or that the DIP Administrative Agent has received, or escrow arrangements satisfactory to the DIP Administrative Agent have been made, to ensure that the DIP Administrative Agent receives from or on behalf of the LP Entities in immediately available funds, the DIP Lender Distribution Amount. For the purposes of calculating the amount set out in paragraph 15(i) herein, the principal amount outstanding under the Credit Agreement and the Hedging Agreements (as such capitalized terms are defined in the Initial Order) shall be as set out in Schedule "C" hereto provided that to the extent there is a dispute among the Administrative Agent, the LP Entities and the Monitor with respect to the amounts owing under the Credit Agreement, the Hedging Agreements, the Collateral Agency Agreement (as such capitalized terms are defined in the Initial Order) or any other amounts secured by security granted by the LP Entities in favour of the Collateral Agent (as defined in the Senior Credit Agreement), including Cash Management Claims, such dispute will be determined by Order of the Court.

16. **THIS COURT ORDERS** that as of the Effective Time on the Plan Implementation Date, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are hereby approved, binding and effective in accordance with the provisions of the Plan, and shall enure to the benefit of and be binding upon the LP Entities, all Affected Creditors, past and present directors or officers of the LP Entities, including *de facto* directors and officers, the Purchaser, and all other Persons and

Parties named or referred to in, affected by, or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

**TRANSACTIONS TO BE COMPLETED PRIOR TO THE PLAN IMPLEMENTATION DATE**

17. **THIS COURT ORDERS** that the steps to be taken prior to the Plan Implementation Date pursuant to section 7.2 of the Plan, including the step set out in paragraph 18 of this Plan Sanction Order, are and shall be deemed to occur and be effected in the sequential order contemplated by section 7.2 of the Plan.

18. **THIS COURT ORDERS** that, based solely on the information provided by the Affected Creditors to the Monitor, the Monitor shall advise the Purchaser of the aggregate Cash Elected Amount not less than three (3) Business Days prior to the Plan Implementation Date.

**TRANSACTIONS TO BE COMPLETED ON THE PLAN IMPLEMENTATION DATE BEGINNING AT THE EFFECTIVE TIME**

19. **THIS COURT ORDERS** that the steps to be taken and the compromises and releases to be effected on the Plan Implementation Date are and shall be deemed to occur and be effected in the order contemplated in section 7.3 of the Plan, without any further act or formality, on the Plan Implementation Date, beginning at the Effective Time.

20. **THIS COURT ORDERS** that if, and to the extent that, any of the Affected Creditors entitled to receive Shares are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the Share Amount in accordance with the Plan.

21. **THIS COURT ORDERS** that if, and to the extent that, any of the Affected Creditors that have made or are deemed to have made a valid Cash Election in accordance with the Plan are Affected Creditors solely of the Limited Partnership, CCI or CBI, CPI shall assume the liability to pay the Cash Amount in accordance with the Plan.

22. **THIS COURT ORDERS** that in consideration for the assumption by CPI of the liability to pay the Share Amount and the Cash Amount, each of the Limited Partnership, CCI and CBI shall assign to CPI its entitlement to receive such portion of the Purchase Price allocable to it pursuant to section 4.1 of the Asset Purchase Agreement as is equal to the aggregate of the

Share Amount and the Cash Amount applicable to the Affected Creditors of the Limited Partnership, CCI and CBI, respectively.

23. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the LP Entities shall be and are hereby authorized and directed to pay from the Cash and Equivalents:

- (a) all fees and disbursements owing as at the Plan Implementation Date to the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, the LP CRA and counsel to the LP CRA;
- (b) all fees and disbursements owing as at the Plan Implementation Date to RBC pursuant to the engagement letter dated October 1, 2009 between CPI, the Limited Partnership and RBC, including the Sale/Restructuring Fee contemplated therein, which engagement letter was approved by the Court pursuant to the terms of the Initial Order; and
- (c) any amounts then due and payable under the LP MIP.

24. **THIS COURT ORDERS** that the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, shall be paid to the Administrative Agent as follows:

- (a) The Monitor shall release from escrow to the Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the Senior Credit Agreement, the Deposit; and
- (b) The remainder of the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, as at the Plan Implementation Date shall be paid by the Purchaser to the Administrative Agent:
  - (i) on behalf and for the account of CCI, in its capacity as guarantor, CBI, in its capacity as guarantor, and the Limited Partnership, in its capacity as borrower or counterparty, to the extent of the portion of the Purchase Price allocable to CCI, CBI and the Limited Partnership, respectively, pursuant to section 4.1 of the Asset Purchase Agreement less the amount, if any, of

such portion of the Purchase Price, the entitlement to which has been assigned to CPI pursuant to paragraph 22 above; and

(ii) on behalf of CPI, in its capacity as guarantor, as to the remainder.

25. **THIS COURT ORDERS** that following the payment of the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, to the Administrative Agent by the Monitor and the Purchaser in accordance with paragraph 24 above, the Administrative Agent is hereby authorized and directed to pay to each Senior Lender that is a party to one or more Hedging Agreements an amount equal to the principal amount of such Senior Lender's senior secured claim arising under or pursuant to such Hedging Agreement(s) plus accrued and outstanding interest thereon (the "**Hedging Claims**").

26. **THIS COURT ORDERS** that the Administrative Agent shall have no duty to any Senior Lender in respect of any Hedging Claim save and except for the obligation of the Administrative Agent to make payment to such Senior Lender to the extent that monies are actually received by the Administrative Agent from the Monitor and the Purchaser in accordance with paragraph 24 above, that the Administrative Agent shall have no liability for any breach of that duty except for breaches arising from the gross negligence or wilful misconduct of the Administrative Agent, and that the duties, obligations and liabilities of the Administrative Agent and its advisors pursuant to paragraph 25 above are subject to and are limited by the terms of the Senior Credit Agreement as if the Hedging Claims arose thereunder.

27. **THIS COURT ORDERS** that the Administrative Agent shall be entitled to establish a record date (the "**Senior Lender Distribution Record Date**") for the purpose of determining which Senior Secured Creditors are entitled to receive distributions out of the Senior Lender Distribution Amount, which shall include the amount required under paragraph 15(i) herein, and the Administrative Agent shall be entitled to rely solely upon the Administrative Agent's existing books and records (the "**Administrative Agent's Books and Records**") as of the Senior Lender Distribution Record Date for the purposes of determining which Senior Secured Creditors are entitled to receive distributions out of the Senior Lender Distribution Amount. Not later than three (3) Business Days following the Senior Lender Distribution Record Date, the Administrative Agent shall be authorized to post on one of the IntraLinks web sites maintained by the Administrative Agent for the benefit of the Senior Lenders a notice (the



“**Senior Secured Creditor Distribution Notice**”) to the Senior Secured Creditors setting out the names of the Senior Secured Creditors entitled to receive distributions based solely on the Administrative Agent’s Books and Records as of the Senior Lender Distribution Record Date. To the extent that any Senior Secured Creditor does not agree with the information contained in the Senior Secured Creditor Distribution Notice and is not able to resolve the matter with the Administrative Agent prior to the Plan Implementation Date, such Senior Secured Creditor shall be entitled to seek direction from the Court.

28. **THIS COURT ORDERS** that the Purchaser shall pay to the DIP Administrative Agent, on behalf and for the account of CPI, in its capacity as guarantor under the DIP Credit Agreement, the DIP Lender Distribution Amount, if any.

29. **THIS COURT ORDERS** that following receipt of the payment of the Senior Lender Distribution Amount to the Administrative Agent, which shall include the amount required under paragraph 15(i) herein, and the payment of the DIP Lender Distribution Amount to the DIP Administrative Agent by the Monitor and the Purchaser in accordance with the provisions of this Plan Sanction Order, the Administrative Agent, the DIP Administrative Agent and the collateral agent shall be authorized to execute such releases of security as are reasonably requested by the LP Entities.

30. **THIS COURT ORDERS** that the Purchaser shall pay to the Monitor, on behalf and for the account of CPI, the aggregate of all Cash Elected Amounts in respect of Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan.

31. **THIS COURT ORDERS** that, at the direction of the Purchaser, Holdco shall issue to CPI the Share Consideration and CPI shall, on its own behalf and in its capacity as guarantor to the extent Shares are to be distributed to Affected Creditors whose Claim consists of a debt guaranteed by CPI, as the case may be, cause such Share Consideration to be administered by the Monitor pursuant to sections 5.1 and 5.2 of the Plan.

32. **THIS COURT ORDERS** that the Purchaser shall assume the Assumed Liabilities, the Prior Ranking Secured Claims in respect of lessors under Personal Property

Leases, the Permitted Encumbrances, the Employee Priority Claims, the Government Priority Claims (except to the extent such Government Priority Claims are funded out of cash reserves or Shares pursuant to and in accordance with the Plan) and the Pension Priority Claims.

33. **THIS COURT ORDERS** that the Purchaser shall make a payment to Holdco in the amount equal to the aggregate of all costs incurred by Holdco in connection with the Acquisition and the Plan, including all financial advisory fees and expenses, legal fees and expenses and fees and expenses paid to rating agencies.

34. **THIS COURT ORDERS** that each of the Charges shall be terminated, discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool, all payments made to or on behalf of the Administrative Agent, the DIP Administrative Agent or any other Senior Secured Creditor on or prior to the Plan Implementation Date and, except as may otherwise be provided in the Administrative Reserve Order (as herein defined), the Administrative Reserve, provided, however, that the Administrative Charge, as defined in and provided for in the Initial Order, shall not be discharged and released as against the Acquired Assets, the Unsecured Creditors' Pool or the Administrative Reserve unless and until the Administrative Reserve has been authorized and established in accordance with the further Order of this Court (the "**Administrative Reserve Order**").

#### **COMPROMISE OF CLAIMS AND EFFECT OF PLAN**

35. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, any and all Affected Claims of any nature against the LP Entities shall be forever compromised, discharged and released, and the ability of any Person to proceed against the LP Entities in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the rights of Affected Creditors to receive distributions pursuant to the Plan and this Plan Sanction Order in respect of their Affected Claims, in the manner and to the extent provided for in the Plan.

36. **THIS COURT ORDERS** that, all payments received by or on behalf of the Administrative Agent, the DIP Administrative Agent or the other Senior Secured Creditors, whether for principal, interest, fees, recoverable costs or expenses or otherwise, on or prior to the

Plan Implementation Date are indefeasible, neither the LP Entities nor any secured or unsecured creditor of any of the LP Entities nor any other Person shall have for any reason any claims against any of the Senior Secured Creditors in respect of or for the return of such payments, and the Senior Secured Creditors shall not have any obligation to release or turn over to any Person all or any portion of any of such payments.

37. **THIS COURT ORDERS** that, without in any way limiting the release of the Senior Secured Creditors provided for in paragraph 59 hereof, upon the implementation of the Plan, the Senior Secured Creditors shall be released and discharged from any and all claims which any LP Entity, any secured or unsecured creditor of any of the LP Entities, or any other Person may have in any way relating to, arising or in any way connected with the Senior Secured Creditors' dealings, arrangements or agreements with the LP Entities or any of the LP Entities' creditors or the Senior Secured Creditors' involvement in the CCAA Case, including without limitation any and all claims in any way relating to, arising out of or in connection with the payments referred to in paragraphs 24, 28 and 36 above and any claim of the Subordinated Agent or the LP Subordinated Lenders for costs or expenses.

38. **THIS COURT DECLARES** that, notwithstanding, (i) the pendency of the CCAA Case; (ii) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of any of the LP Entities and any bankruptcy order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made in respect of any of the LP Entities, the release in paragraph 37 above and the making of the payments to the Administrative Agent, the Senior Lenders that are counterparties to the Hedging Agreements and the DIP Administrative Agent referred to in paragraphs 24, 28 and 36 above, shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the LP Entities and shall not be void or voidable, nor constitute nor be deemed to be a fraudulent preference or assignment, fraudulent conveyance, or transfer at undervalue, preference or any other challengeable or voidable transaction under the BIA or any other applicable federal or provincial legislation, nor shall such release or the making of such payments constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

39. **THIS COURT ORDERS** that all Proven Claims determined in accordance with the Amended Claims Procedure Order, the Meeting Order and the Plan shall be final and binding on the LP Entities and all Affected Creditors.

40. **THIS COURT ORDERS** that, without limiting the provisions of the Amended Claims Procedure Order or the Meeting Order, an Affected Creditor that did not file a Proof of Claim by the applicable Claims Bar Date in accordance with the provisions of the Amended Claims Procedure Order, the Meeting Order and the Plan, whether or not such Affected Creditor received notice of the claims process established by the Amended Claims Procedure Order, shall be and is hereby forever barred from making any Affected Claim against the LP Entities and shall not be entitled to any distribution under the Plan, and such Affected Creditor's Claim shall be and is hereby forever barred and extinguished. Nothing in the Plan extends or shall be interpreted as extending or amending the applicable Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Amended Claims Procedure Order or the Meeting Order.

41. **THIS COURT ORDERS** that each Affected Creditor is hereby deemed to have consented and agreed to all of the provisions in the Plan, in its entirety; and each Affected Creditor is hereby deemed to have executed and delivered to the LP Entities all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

42. **THIS COURT ORDERS** that on the Plan Implementation Date, the LP Notes Indenture, the LP Notes and related transaction documents, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule and obligations of the LP Entities under such documents, agreements, or instruments evidencing any Claims with respect to the LP Notes shall be discharged, provided however, that the LP Notes Indenture shall continue in effect for purposes of permitting The Bank of New York Mellon, as successor to the LP Notes Trustee, and the Canadian LP Notes Trustee and their agents to (i) make distributions pursuant to the Plan and to perform such other necessary functions with respect thereto, and (ii) maintain and assert any rights or liens with respect thereto.

**ESTABLISHMENT OF THE POOLS AND DISTRIBUTIONS AND PAYMENTS BY THE MONITOR**

43. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the Unsecured Creditors' Pool shall be deemed to be held and administered by the Monitor in escrow for distribution in accordance with the Plan.

44. **THIS COURT ORDERS** that the Monitor shall administer the Unsecured Creditors' Cash Pool, which shall be held by the Monitor in escrow for the benefit of the Affected Creditors with Proven Claims and Disputed Claims equal to or less than \$1,000 and Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan.

45. **THIS COURT ORDERS** that the Monitor shall administer the Unsecured Creditors' Equity Pool with the Share Consideration issued by Holdco to CPI pursuant to section 7.3(h) of the Plan, which shall be administered by the Monitor to effect distributions to the Affected Creditors with Proven Claims and Disputed Claims greater than \$1,000 who have not made a valid Cash Election in accordance with the Plan, and shall be distributed by the Monitor in accordance with the Plan.

46. **THIS COURT ORDERS** that the Monitor shall maintain and administer the Disputed Claims Reserve in accordance with the Plan.

47. **THIS COURT ORDERS** that pursuant to the Plan, the Initial Distribution Date will be a date not more than seven (7) days after the later of (x) the Plan Implementation Date and (y) the date that the last Disputed Claim is quantified (but not necessarily resolved) by agreement with the relevant Affected Creditor or by a claims officer or the Court.

48. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, subject to the Disputed Claims Reserve held by the Monitor in escrow, the Monitor on behalf and for the account of the LP Entities, shall be and is hereby authorized to make distributions on the Initial Distribution Date and each subsequent Distribution Date from the Unsecured Creditors' Cash Pool to each Affected Creditor with a Proven Claim equal to or less than \$1,000 and to each Affected Creditor with a Proven Claim greater than \$1,000 who has made a valid

Cash Election in accordance with the Plan, by way of a cheque in an amount equal to such Affected Creditors' Cash Elected Amount, sent by prepaid ordinary mail to the address for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor.

49. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, subject to the Disputed Claims Reserve held by the Monitor in escrow, the Monitor on behalf and for the account of the LP Entities, shall be and is hereby authorized to make distributions on the Initial Distribution Date and each subsequent Distribution Date from the Unsecured Creditors' Equity Pool to each Affected Creditor with a Proven Claim greater than \$1,000 who has not made a valid Cash Election in accordance with the Plan, by way of a distribution of Shares in an amount such that after giving effect to that distribution and any prior distributions, each Affected Creditor shall have received its Pro Rata Share.

50. **THIS COURT ORDERS** that no payments or distributions from the Unsecured Creditors' Pool in relation to any Disputed Claim shall be made with respect to all or any portion of a Disputed Claim unless and to the extent that it has become a Proven Claim, in whole or in part, in accordance with the Amended Claims Procedure Order, the Meeting Order and section 6.1 of the Plan.

51. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the Monitor, on behalf of the LP Entities, shall be and is hereby authorized and directed to make distributions from the Disputed Claims Reserve on the last Business Day of every month (or more frequently as the Monitor may determine in its sole and unfettered discretion) to:

- (a) each holder of a Disputed Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, that has become a Proven Claim on or before the third Business Day prior to a Distribution Date (other than the Final Distribution Date), the appropriate portion of Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions, such Affected Creditor shall have received its Pro Rata Share;
- (b) each other holder of a Proven Claim, who has not made or been deemed to have made a valid Cash Election in accordance with the Plan, the appropriate portion of

Shares in the Disputed Claims Reserve in respect of such Proven Claim such that after giving effect to that distribution and any prior distributions each such Affected Creditor on such Distribution Date shall have received its Pro Rata Share; and

- (c) each holder of a Disputed Claim that has become a Proven Claim on or before the third Business Day prior to such Distribution Date who has made or been deemed to have made a valid Cash Election in accordance with the Plan and who has not yet received a cash distribution, the appropriate portion of cash in the Disputed Claims Reserve in respect of such Affected Claim that would have been distributed on the Initial Distribution Date had such Disputed Claim been a Proven Claim.

52. **THIS COURT ORDERS** that pursuant to and in accordance with the Plan, the Monitor shall be and is hereby authorized and directed to distribute any balance that remains in the Disputed Claims Reserve on the Final Distribution Date as follows:

- (a) any remaining portion of the Cash Elected Amounts that remain in the Disputed Claims Reserve shall be paid to the Purchaser; and
- (b) any Shares that remain in the Disputed Claims Reserve shall be distributed in accordance with section 5.1 and 5.2 of the Plan such that after giving effect to that distribution and any prior distributions each Affected Creditor with Proven Claims on the Final Distribution Date shall have received its Pro Rata Share.

53. **THIS COURT ORDERS** that any Disputed Claims to the extent that they have not become Proven Claims on or before the Final Distribution Date shall be forever discharged, barred and released, without any compensation therefor.

54. **THIS COURT ORDERS** that on the Plan Implementation Date and in accordance with section 7.3 of the Plan, the Purchaser, on behalf and for the account of the LP Entities, shall:

- (a) make payments to the Administrative Agent by way of cash and wire transfer(s) (in accordance with wire transfer instructions provided to the applicable LP

Entities and the Monitor at least three (3) Business Days prior to the Plan Implementation Date) in the sum of the Senior Lender Distribution Amount, which shall include the amounts set out in paragraph 15(i) herein; and

- (b) make payment to the DIP Administrative Agent by way of wire transfer(s) (in accordance with wire transfer instructions provided to CPI and the Monitor at least three (3) Business Days prior to the Plan Implementation Date) in the sum of the DIP Lender Distribution Amount.

55. **THIS COURT ORDERS** that all distributions and payments by or at the direction of the Monitor, in each case on behalf of the LP Entities, to the Affected Creditors under the Plan are for the account of the LP Entities and the fulfilment of their obligations under the Plan.

#### **STAY OF PROCEEDINGS**

56. **THIS COURT ORDERS** that, subject to further Order of this Court, the stay of proceedings under the Initial Order shall be and is hereby extended to, and including, July 30, 2010 provided that if the Plan Implementation Date occurs on or prior to July 30, 2010 then the stay of proceedings under the Initial Order shall be and is hereby extended to, and including, the Final Distribution Date.

57. **THIS COURT ORDERS** that, subject to performance by the LP Entities of their obligations under the Plan, all obligations, agreements or leases to which any of the LP Entities is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Date, unless disclaimed or resiliated or deemed to be disclaimed or resiliated by the LP Entities pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

- (a) of any event which occurred prior to, and not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived under



the Plan, which would have entitled any other party thereto to enforce those rights or remedies;

- (b) that the LP Entities have sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
- (c) of any default or event of default arising as a result of the financial condition or insolvency of the LP Entities;
- (d) of the effect upon the LP Entities of the completion of any of the transactions contemplated under the Plan;
- (e) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan; or
- (f) of the assignment of any obligations, agreements, leases or other arrangements pursuant to the Asset Purchase Agreement.

58. **THIS COURT ORDERS** that any and all Persons shall be and are hereby stayed from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any matter which is released pursuant to paragraph 59 of this Plan Sanction Order and section 8.1 of the Plan.

## **RELEASES**

59. **THIS COURT ORDERS** that pursuant to and in accordance with section 8.1 of the Plan, on the Plan Implementation Date the Released Parties, including the Monitor and *de facto* directors and officers of the LP Entities, shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or other Person (other than the Senior Secured Creditors in respect of the LP Entities) may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds

and statutory liabilities of present and former directors, officers, members and employees of the LP Entities, including *de facto* directors and officers, and any alleged fiduciary or other duty (whether acting as a director, officer, member, employee or acting in any other capacity, including as a *de facto* director or officer, in connection with the administration or management of the LP Pension Plans or otherwise), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the business and affairs of the LP Entities whenever or however conducted, the administration and/or management of the LP Pension Plans, the Plan, the CCAA Case, any Claim that has been barred or extinguished by the Amended Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the LP Entities' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing in the Plan shall release or discharge any Released Party for criminal or other wilful misconduct or present or former directors of the LP Entities with respect to matters set out in section 5.1(2) of the CCAA.

## **THE MONITOR**

60. **THIS COURT ORDERS** that as of the Effective Time, the Monitor shall be discharged and released from its duties other than those obligations, duties and responsibilities necessary or required to give effect to the terms of the Plan.

61. **THIS COURT ORDERS AND DECLARES** that the actions and conduct of the Monitor in the CCAA Proceedings are hereby approved and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order, and that in addition to the protections in favour of the Monitor as set out in the Initial Order, the Monitor shall not be liable for any act or omission on the part of the Monitor, including with respect to any reliance thereof, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of duties under the Plan or as requested by the LP Entities or with respect to any other duties or obligations in respect of the implementation of the Plan, save and

except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Subject to the foregoing, and in addition to the protections in favour of the Monitor as set out in the Orders of this Court, any claims against the Monitor in connection with the performance of its duties as Monitor are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

62. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on prior written notice to the Monitor and such further order securing, as security for costs, the full indemnity costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

63. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein, shall be and is hereby authorized, directed and empowered to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan.

64. **THIS COURT ORDERS** that the Monitor shall be and is hereby authorized to execute and deliver on behalf of CPI, any Person required to withhold, deduct and/or remit to a Taxing Authority and on its own behalf all such stock transfer instruments, omnibus directions and other instruments and instructions which are necessary or advisable in the reasonable business judgment of the Monitor to effect the distribution or sale of Shares in accordance with the Plan, and Holdco, its agents, Computershare Investor Service Inc. and third party brokers, as applicable, shall be and are hereby authorized and directed to accept all such stock transfer instruments, omnibus directions, and other instruments and instructions when received.

65. **THIS COURT ORDERS** that upon completion by the Monitor of its duties in respect of the LP Entities pursuant to the CCAA and the Orders, including without limitation the Monitor's duties in respect of the Amended Claims Procedure Order and distributions made by or at the direction of the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination, substantially in the form attached hereto as Schedule "D", stating that all of its duties in respect of the LP Entities pursuant to the CCAA and the Orders have been completed and thereupon, FTI Consulting Canada Inc. shall be deemed to be

discharged from its duties as Monitor of the LP Entities and the Charges shall be terminated and released.

66. **THIS COURT ORDERS** that for a period of five years after the Plan Implementation Date (or such longer period as the Purchaser and the LP Entities may agree):

- (a) Purchaser shall provide the LP Entities and the Monitor with reasonable access to any information in its possession or control relating to the Business and the business of the National Post as the LP Entities or the Monitor may reasonably require to meet legal, regulatory, accounting and auditing requirements;
- (b) upon the request of the Monitor, acting reasonably, employees of the Purchaser shall assist the Monitor in the performance of its duties and obligations, including the duties and obligations of the LP Entities under the Asset Purchase Agreement and the preparation and service of notices to creditors and preparation of the LP Entities' tax returns; and
- (c) upon the request of any trustee in bankruptcy appointed in respect of the estates of the LP Entities, the Purchaser shall (i) provide such trustee in bankruptcy with reasonable access to any information in its possession or control relating to the Business and the business of National Post and (ii) direct any requested Transferred Employees (as defined in the Asset Purchase Agreement) to assist the trustee in bankruptcy in the performance of its duties and obligations including the preparation and service of notices to creditors.

#### **ADDITIONAL PROVISIONS**

67. **THIS COURT ORDERS** that this Plan Sanction Order shall have full force and effect in all Provinces and Territories of Canada and abroad as against all Persons and Parties against whom it may otherwise be enforced.

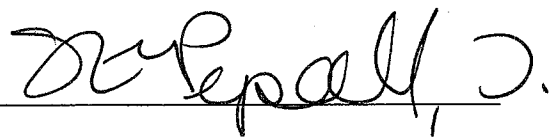
68. **THIS COURT ORDERS** that the activities of the Monitor as described in the Sixth Report of the Monitor dated April 6, 2010, the Seventh Report of the Monitor dated May 10, 2010, the Supplement to the Seventh Report of the Monitor dated May 16, 2010, the

Monitor's Eighth Report, the Supplement to the Monitor's Eighth Report dated June 10, 2010 and the Ninth Report of the Monitor dated June 3, 2010 be and are hereby approved.

69. **THIS COURT ORDERS** that the fees and disbursements of the Monitor for the period from March 22, 2010 to May 31, 2010, all as particularized in the Affidavit of Paul Bishop sworn June 14, 2010 are hereby approved, and that the fees and disbursements of counsel for the Monitor, Stikeman Elliott LLP, for the period from March 20, 2010 to May 29, 2010, all as particularized in the Affidavit of Daphne J. MacKenzie sworn June 14, 2010 are hereby approved.

70. **THIS COURT ORDERS** that the LP Entities and the Monitor may apply to this Court for advice and direction, or to seek relief in respect of, any matters arising from or under the Plan and this Plan Sanction Order, including without limitation the interpretation of this Plan Sanction Order and the Plan or the implementation thereof, and for any further Order that may be required, on notice to any party likely to be affected by the Order sought or on such notice as this Court orders.

71. **THIS COURT ORDERS AND REQUESTS** the aid and recognition (including assistance pursuant to Section 17 of the CCAA) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory or any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this Plan Sanction Order.



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

JUN 18 2010

PER / PAR: 