

Notice to reader: This is a translation of the original Plan of Arrangement in French. In the event of any inconsistency between this translation and the original Plan document in French, the French version shall prevail.

## **PLAN OF ARRANGEMENT**

PURSUANT TO THE  
*Companies' Creditors Arrangement Act (Canada)*



**TQS INC.,  
3947424 CANADA INC.,  
TQS VENTES ET MARKETING INC.,  
LES PRODUCTIONS CARREFOUR II INC.,  
LES PRODUCTIONS POINT-FINAL INC.,  
LES PRODUCTIONS POINT-FINAL II INC.,  
LES PRODUCTIONS POINT-FINAL III INC.,**

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### **SECTION 1** **INTERPRETATION**

#### **1.1 DEFINITIONS**

Unless specified otherwise, the following words and terms are defined as follows:

- (a) “**Administration Charge**” means the hypothec in favour of the Monitor, the Monitor’s attorneys and the Companies’ attorneys granted pursuant to the Initial Order;
- (b) “**Arrangement**” or “**Plan**” means this plan of arrangement, as may be amended from time to time, in accordance with the terms hereof;
- (c) “**BDU**” means broadcasting distribution undertakings operating in Canada;
- (d) “**Business Day**” means a day, other than a Saturday or Sunday, on which chartered banks are generally open in Montreal, Province of Quebec;
- (e) “**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. (1985), c. C-36, as amended from time to time;
- (f) “**Claims Bar Date**” means 5:00 p.m. (Eastern Standard Time) on April 30, 2008;
- (g) “**Voting Claim**” has the meaning ascribed to it in the Process Order;

- (h) “**Claim**” means, (i) any right of any Person on the Filing Date against one or more of the Companies in connection with any indebtedness, liability or obligation of any kind of one or more of the Companies owed to such Person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, contractual or not, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to file a claim for contribution or indemnity or otherwise with respect to any matter, action or cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts existing on the Filing Date, or any other claim that would constitute a provable claim in bankruptcy had the Companies become bankrupt on the Filing Date, (ii) a Restructuring Claim but (iii) excludes an Unaffected Claim;
- (i) “**Company or Companies**” means TQS Inc., Les Productions Point-Final Inc., Les Productions Point-Final II Inc., Les Productions Point-Final III Inc., Les Productions Carrefour II Inc., TQS Ventés et Marketing Inc. as well as 3947424 Canada Inc.
- (j) “**Contract of Successive Performance**” means a contract pursuant to which the Creditor performs its obligations successively or continuously;
- (k) “**Court**” means the Superior Court of Quebec, sitting in the Commercial Division, in the District of Montreal, the Court of Appeal of Quebec and, as the case may be, the Supreme Court of Canada;
- (l) “**Creditor**” means any and all Persons having a Claim and may, where the context allows, include the assignee of a Claim, a trustee, an interim receiver, a receiver, a receiver-manager or any other Person acting in the name of such Person;
- (m) “**Creditors’ Meeting**” means the meeting of the Creditors called to consider and vote on the Plan in accordance with the CCAA as well as any adjournment, postponement or continuation thereof;
- (n) “**Crown**” means Her Majesty in Right of Canada or of a province, as well as any federal, provincial or municipal organization, public authority or para-public authority;
- (o) “**CRTC**” means the *Canadian Radio-television and Telecommunications Commission*;
- (p) “**D&O Charge**” means the hypothec in favour of the directors and officers granted pursuant to the Initial Order;

- (q) **“Effective Date”** means the later of the following dates:
  - i) the first business day following the day on which the Sanction Order became final and acquired the authority of *res judicata*;
  - ii) the day following the date on which all of the conditions to implement the Plan, as described in subsection 7.2 hereof, were duly met or were waived in writing by the Companies;
- (r) **“Employee”** means a Person who, on the Filing Date, was employed by one or more of the Companies or who offered services as an employee at the request of one or more of the Companies
- (s) **“Excluded Claim”** means any right of any Person against the Petitioners in connection with any indebtedness, liability or obligation of any kind which came into existence after the Filing Date and any interest thereon, including any obligation of the Petitioners toward creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Petitioners after the Filing Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds after the Filing Date and to the extent that such Claims are not Restructuring Claims;
- (t) **“Filing Date”** means 12:01 a.m. on December 18, 2007;
- (u) **“Initial Order”** means the initial order rendered on December 18, 2007 by the Honourable Pierre Journet, J.C.S., as amended, reformulated or modified from time to time;
- (v) **“Inter-Company Claim”** means any debt, liability or obligation whatsoever the Companies may have toward one another existing before the Filing Date;
- (w) **“Interim Financing”** means the financing authorized by the Court pursuant to the order rendered by the Court, dated March 17, 2008;
- (x) **“Monitor”** means RSM Richter Inc. in its capacity as monitor of the Companies as appointed by the Court in the Initial Order;
- (y) **“Monitor’s Fees and Disbursements”** means the fees and disbursements of the Monitor and its attorneys, incurred and to be incurred as of the Effective Date, in order to administer the Plan in its entirety until it is fully implemented and executed;
- (z) **“Notice to Creditors”** means the notice of the Creditors’ Meeting sent to all the Creditors having filed a Proof of Claim, to which a copy

of the Plan, a voting form, the Monitor's report on the Plan and any other document deemed necessary by the Monitor, will be attached;

- (aa) **"Person"** means an individual, a corporation, a limited or unlimited liability company, a general or limited partnership, an association, a trust, an unincorporated organization, a joint venture, an agency or the Crown;
- (bb) **"Plan"** or **"Arrangement"** means this plan of arrangement, as same may be amended from time to time, in accordance with the terms hereof;
- (cc) **"Process Order"** means the order rendered by the Court on April 4, 2008 establishing the process for the filing and adjudication of Claims and establishing a Claims Bar Date, as may be amended from time to time, as the case may be;
- (dd) **"Proof of Claim"** means a proof of claim filed by a Creditor using the proof of claim form in accordance with the Process Order describing the Claim, duly supported by a statement of account, invoice or affidavit;
- (ee) **"Proven Claim"** means the amount of an Unsecured Creditor's Claim that has been finally determined in accordance with the Process Order, the CCAA and any other order rendered by the Court;
- (ff) **"Released Party"** means any Person benefiting from the release provided in subsection 6.6 hereof;
- (gg) **"Resiliated Contract"** means any written or verbal contract, agreement or undertaking to which one or more of the Companies are party or pursuant to which their property is concerned or encumbered and (i) which was repudiated, resiliated or rescinded by one or the other of the Companies in accordance with the terms and conditions of the Initial Order or (ii) was the subject matter of a notice of repudiation, resolution or resiliation by one or the other of the Companies after the Filing Date;
- (hh) **"Restructuring Claim"** means any right of any Person against the Petitioners in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation, or termination of any contract, lease, employment agreement, collective agreement or other agreement, whether written or oral, after the Determination Date, including any right of any Person who receives a notice of repudiation or termination from the Petitioners.

- (ii) **“Sanction Order”** means the Order sought from the Court in order to sanction the Plan once it has been accepted by the Unsecured Creditors;
- (jj) **“Secured Creditor ”** means any Person holding a hypothec, a pledge or any other security on all or part of the property of the Companies as security for a Claim and includes notably:
  - i) a Creditor who has a right of retention or a prior claim constituting a valid and opposable real right on all or part of the property of one or more of the Companies;
  - ii) a Creditor who retains a right of ownership on any property used in the course of the business of one or more of the Companies pursuant to a valid and opposable instalment sale contract or contract of leasing, duly published within the required time limits, in accordance with the provisions of the *Civil Code of Québec*;
  - iii) Remstar Corporation; and
  - iv) a beneficiary of the D&O Charge and the Administration Charge;
- (kk) **“Unaffected Claim”** means (i) a Claim resulting from the Companies’ obligations toward the Employees on the Filing Date with regard to overtime, statutory holidays, sick days, deferred leave and vacation time, and (ii) Inter-Company Claims;
- (ll) **“Unaffected Creditor”** means a Person having an Unaffected Claim but only in respect of such Unaffected Claim;
- (mm) **“Unsecured Creditor”** means a Creditor other than a Secured Creditor;

## 1.2 CERTAIN RULES OF INTERPRETATION

In this Plan,

- (a) all accounting terms not otherwise defined herein shall have the meanings ascribed to them from time to time in accordance with Canadian generally accepted accounting principles, as set by the Canadian Institute of Chartered Accountants;
- (b) any presumption in this Arrangement is irrebuttable, final and irrevocable;

- (c) the division of this Plan into sections and paragraphs and the insertion of a table of contents are for convenience of reference and do not affect the interpretation of this Plan, nor are the descriptive headings of the sections and paragraphs intended as complete or accurate descriptions of the content thereof;
- (d) the use of words in singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Plan to any Person or Persons or circumstances as the context otherwise permits;
- (e) unless otherwise specified, all references to time made herein and in any document issued or delivered pursuant hereto shall mean local time in Montreal, Province of Quebec, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (f) the words “hereunder”, “hereof” and similar expressions refer to this Plan and not to any particular section or paragraph and references to “sections” and “paragraphs” are to sections and paragraphs of this Plan, as the case may be;
- (g) unless otherwise specified, time periods within or following which any payment is to be made, or any act is to be done, shall be calculated by excluding the day on which the period commences and including the day on which the period ends; and
- (h) whenever any payment to be made or action to be taken pursuant to this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the following Business Day.

### **1.3 GOVERNING LAW**

This Plan shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein. All questions related to the application and implementation of this Plan, and its consequences, related to the application of any federal or provincial statute and, any proceedings taken in connection with this Plan, its provisions and its effects shall be subject to the exclusive jurisdiction of the Court.

## **SECTION 2** **PURPOSE OF THE PLAN**

### **2.1 PURPOSE**

The purpose of the Plan is to provide for the settlement of the Claims in the manner hereinafter provided, such that the Companies shall be released therefrom upon performance of their obligations pursuant to the terms hereof and to ensure the recovery and continuation of the business of the Companies.

### **2.2 CONSOLIDATED PLAN**

This Arrangement is proposed on a joint and consolidated basis by the Companies and is presented to all of their Unsecured Creditors.

## **SECTION 3** **CLASSIFICATION OF CREDITORS**

### **3.1 CLASSIFICATION OF CREDITORS**

For the purposes of considering and voting on the Arrangement proposed pursuant to the terms hereof, the Unsecured Creditors are deemed to form a single class.

### **3.2 CLAIMS NOT AFFECTED**

Unaffected Claims, Excluded Claims and Secured Creditor Claims are not affected by this Arrangement and shall be paid in accordance with the terms of any existing arrangements between the holders of such Claims and the Companies.

### **3.3 CONTRACTS OF SUCCESSIVE PERFORMANCE**

With the exception of the Resiliated Contracts, the Companies shall perform their obligations pursuant to Contracts of Successive Performance subsequent to the Filing Date in the ordinary course of business and in accordance with existing arrangements between one or more of the Companies and the co-contracting party. Creditors with a Claim pursuant to a Contract of Successive Performance will participate as Unsecured Creditors and are affected by the Arrangement for any sums due and outstanding as at the Filing Date;

### **3.4 RESILIATED CONTRACTS**

Creditors pursuant to a Resiliated Contract have a Claim as Unsecured Creditor for sums due and outstanding as at the Filing Date as well as for any sum that would be payable to them as a result of the resiliation of such contract, as the case may be. Owners of goods used in the operation of the business of one or more of the Companies pursuant to a Resiliated Contract can retake possession of such goods on request at any time following the notice of resiliation.

### **3.5 SOLIDARY CREDITORS**

A Creditor with a Claim against more than one of the Companies solidarily is only entitled to participate once in the distribution of the sum remitted to the Monitor for distribution to the Unsecured Creditors in respect of such solidary Claim. Creditors who, solidarily, hold a Claim owed by one or more Companies are only entitled to one vote and to participate only once, jointly amongst themselves, in any distribution.

## **SECTION 4 CLAIMS PROCEDURE**

### **4.1 CLAIMS PROCEDURE**

The procedure for determining the admissibility and amount of the Claims for voting and distribution purposes shall be governed by the Process Order.

### **4.2 EMPLOYEE CLAIMS FOR SEVERANCE**

Every Employee with a Claim for severance provided for by law or a collective agreement and arising from a notice of termination of the employment contract sent after the Filing Date shall, prior to the Creditors' Meeting, elect between the following two (2) options: (i) waive the right to remain on the recall list provided for in the applicable collective agreement and benefit from the right to vote and to participate in the distribution to the extent of the amount of his Claim in this regard, or (ii) confirm his intention to remain on the recall list provided for in the applicable collective agreement, in which case the Employee shall have no Claim in this regard.

### **4.3 FAILURE TO FILE A PROOF OF CLAIM**

If a Creditor fails to file its Proof of Claim by the Claims Bar Date, such Creditor shall not be entitled to vote or to participate in any distribution and the Companies shall be released from such Creditor's Claims. The provisions of this Arrangement, other than those relating to the right to vote and to participate in distributions, shall apply to such Claims in any event.

### **4.4 VALUATION OF FUTURE, UNLIQUIDATED AND LITIGIOUS CLAIMS**

The Companies and Monitor shall use their best efforts to finally settle all disputes relating to the admissibility and amount of Claims prior to the first distribution to the Unsecured Creditors.

Where the admissibility or the amount of all Claims is not finally settled on the date of the first distribution, the Monitor will proceed with the distribution as if the unresolved Claims were admissible and the amount settled was that claimed by the Unsecured Creditor, but will withhold the amount payable on account of any such unresolved Claim. Should the unresolved Claim become a Proven Claim, the Monitor will take this Claim into account in determining the amount payable to the Unsecured Creditors in connection with the second or any subsequent distribution, as the case may be, and will

pay to the Unsecured Creditors, in addition to the amount which they would otherwise be entitled to in the second or any subsequent distribution, as the case may be, any additional amount withheld in the first distribution and made available as a result of the settlement of the unresolved Claims, and the Monitor will also pay to the holders of the unresolved Claims which have become Proven Claims, the sums to which they are entitled pursuant to any distribution prior to the settlement of their Claim.

#### **4.5 INTEREST**

No interest or indemnity is to be added to the Claims on the basis of the period elapsed or remaining to run from the Filing Date for any purposes whatsoever.

#### **4.6 CURRENCY**

All Claims must be stated in Canadian Dollars for the purposes of the vote and the distribution. Any Claim payable in a currency other than the Canadian dollar must be converted into Canadian dollars at the exchange rate published by the Bank of Canada effective at noon on the Filing Date.

### **SECTION 5 TREATMENT OF UNSECURED CREDITORS**

#### **5.1 BASE AMOUNT**

Pursuant to this Arrangement, the Claims of the Unsecured Creditors will be provided for by means of the payment by the Companies of a lump-sum amount of \$7,000,000 (the "**Base Amount**") to the Monitor in accordance with the schedule provided for below, which Base Amount shall be distributed by the Monitor within thirty (30) days of the receipt thereof, in the following manner and order of priority:

5.1.1 a first instalment of \$2,000,000 payable within thirty (30) days following the Effective Date, which the Monitor will allocate in the following order:

- (a) first, to the full payment of the Proven Claims up to the amount of one thousand dollars (\$1,000) per Unsecured Creditor;
- (b) then, to the payment of the Monitor's Fees and Disbursements;
- (c) and the balance thereof, to the payment, on a *pro rata* basis, of the portion of the Proven Claims exceeding one thousand dollars (\$1,000) per Unsecured Creditor;

5.1.2 a second instalment of \$2,000,000 payable within six (6) months following the first instalment above, which the Monitor will allocate in the following order:

- (a) first, to the payment of the Monitor's Fees and Disbursements;

- (b) and the balance thereof, to the payment on a *pro rata* basis of the unpaid portion of the Proven Claims per Unsecured Creditor;

5.1.3 a third and final instalment of \$3,000,000 payable within twelve (12) months following the first instalment above, which the Monitor will allocate in the following order:

- (a) first, to the payment of the Monitor's Fees and Disbursements;
- (b) as for the balance thereof, to the payment on a *pro rata* basis of the unpaid portion of the Proven Claims per Unsecured Creditor;

## **5.2 ACCELERATED PAYMENT**

If the Companies receive distribution rates from BDUs following a final decision of the CRTC, the unpaid balance of the Base Amount shall then become payable by the Companies to the Monitor for purposes of immediate distribution to the Creditors by no later than 60 days following the date of the CRTC's decision.

## **5.3 ADDITIONAL AMOUNT**

In the event that a final decision of the CRTC imposes distribution rates on the BDUs in favour of the Companies, the Companies shall, in addition to the Base Amount, pay an amount equal to 50% of the amounts collected on account of the rates, net of conditions and charges imposed by the CRTC, up to an amount of \$2,000,000 annually for two (2) years following the awarding of such rates, the whole for a maximum additional amount of \$4,000,000.

# **SECTION 6**

## **APPROVAL OF PLAN AND EFFECT**

### **6.1 MEETING**

In accordance with the Notice to Creditors, the Monitor shall call, and the Companies shall hold, the Creditors' Meeting in accordance with the Process Order and the CCAA for the purpose of considering and voting on the Arrangement.

### **6.2 CREDITOR APPROVAL**

Only Unsecured Creditors holding a Claim for Voting Purposes may vote on the Plan. In order for this Arrangement to be executory in accordance with the CCAA, it must first be accepted by a majority in number of the Companies' Unsecured Creditors holding two thirds in value of the Claims for Voting Purposes present and voting in person or by proxy at the Creditors' Meeting.

### **6.3 ACCUMULATION OF CLAIMS**

Where an Unsecured Creditor has more than one Claim for Voting Purposes, the said Claims cumulatively shall entitle such Unsecured Creditor to only one vote on the Arrangement valued at the cumulative amount of its Claims for Voting Purposes;

### **6.4 SCOPE OF THE ARRANGEMENT**

As of the Effective Date, and subject to the issuance of the certificate of performance contemplated in section 7.4 hereof, the settlement of the Claims in accordance with this Arrangement shall become final and binding on the Companies and all the Unsecured Creditors and their respective successors and assigns, and this Arrangement shall result in the full and final settlement of all Claims and any indebtedness or undertakings which the Companies may subsequently become subject to as result of an obligation incurred or an event that occurred before the Filing Date, as well as any indebtedness or any undertaking that the Companies may become subject to as result of any obligation arising on any date whatsoever as a result of the Arrangement, the approval thereof by the Court or the implementation thereof, including any tax obligation owed to the Crown arising from the consequences and effects of the implementation of the Arrangement and any obligation owed to the CSST pursuant to Chapter IX, Division IV, section 304 of *An Act respecting industrial accidents and occupational diseases*, including the applicable regulations.

### **6.5 WAIVER OF DEFAULTS AND COURT ORDER**

From and subsequent to the Effective Date:

- 6.5.1 All Creditors and other Persons (including Unaffected Creditors) shall be deemed to have waived any and all defaults of any of the Companies, as well as any failure to comply with any provision, guarantee, covenant, warranty, representation, term, condition, obligation, whether expressed or implied, in any contract of instantaneous or successive performance, whether written or oral, including any cross default, and any notice of default and acceleration of payment pursuant to such contracts shall be deemed to have been cancelled;
- 6.5.2 Pursuant to the Sanction Order, the Companies will seek from the Court the issuance of an order in relation to all Creditors and other Persons (including Unaffected Creditors) who have a business relationship with any of the Companies, extinguishing the enforcement of any right or remedy contained in the instruments evidencing such business relationship, and any right which might otherwise be generally available in law to such Creditors or other Persons as a result of the fact that the Companies have sought protection under the CCAA, or as a result of the content of this Arrangement, the implementation of this Arrangement, any action taken by the Companies or any third party pursuant to the Arrangement or the Sanction Order, whether before or after the Effective Date, or any other matter whatsoever relating to the CCAA proceedings, the Arrangement or the transactions contemplated by the Arrangement; and

6.5.3 The Companies may, in all respects, carry on their businesses as if the defaults, rights and remedies referred to in this section 6.5 had not occurred or had never existed.

## **6.6 RELEASED PARTIES**

On the Effective Date, the following persons, namely:

- (a) the Companies, their legal counsel and financial advisors in relation to the CCAA proceedings;
- (b) the Monitor and its legal counsel in relation to the CCAA proceedings; and
- (c) the present and former Directors, Officers and Employees of any of the Companies in such capacities, but not in any other capacity;

shall be released and discharged from any and all demands, claims, actions, law suits, debts, obligations to do any thing, damages, judgments, judgment enforcement proceedings arising from any liability, obligation, demand or cause of action of any nature whatsoever, that any Person would otherwise be entitled to assert based, in whole or in part, on any act or omission, contract, duty, responsibility, or obligation of any nature having arisen on the Filing Date or previously thereto relating to the Claims, including the Restructuring Claims, the conduct of the business of the Companies, this Arrangement or the CCAA proceedings, to the fullest extent permissible in law, and any such right resulting from any such act or omission, shall be forever waived and released (other than the right to enforce any of the Companies' obligations under this Arrangement or any related agreement), provided that nothing herein:

- (a) shall release a Released Party from an Unaffected Claim or an Excluded Claim;
- (b) shall affect the right of any Person:
  - i) to recover any insurance proceeds or benefits under any contract pursuant to which such Person is an insured; or
  - ii) to recover a Claim against a Released Party from an insurer pursuant to an insurance policy by which such Released Party is insured; however, for greater certainty, any Claim to which an insurer is or would otherwise be subrogated is released hereunder and the recovery to which such Person is entitled shall be limited to the insurance proceeds or benefits actually paid by the insurer with respect to the Claim.

## **6.7 DIRECTORS' STATUTORY LIABILITIES**

Without limiting the generality of the foregoing paragraph and for greater certainty, this Arrangement constitutes a settlement of all Claims against present and past directors of

the Companies which predate the Filing Date in respect of which such directors may, in their capacity as directors, be liable in law, and in respect of which they will be forever released and discharged on the Effective Date, with the exception of any claims detailed in subsection 5.1(2) of the CCAA.

#### **6.8 EXTINCTION OF CERTAIN CHARGES**

The "D&O Charge" and the "Administration Charge" shall be terminated and released and no Person shall be entitled to exercise any hypothecary right against any of the Companies on the basis of the "D&O Charge" or the "Administration Charge", upon the filing in the Court record of the certificate of performance referred to in section 7.4 of this Arrangement, or on any prior date set by the Court, as the case may be.

#### **6.9 PARAMOUNTCY**

As of the Effective Date, any conflict between this Arrangement and the agreements, guarantees, representations, terms and conditions, and obligations, whether express or implied, of any contract, credit document, security agreement, agreement of sale, by-laws of the Companies, lease or other agreement, whether written or oral, and any amendments or supplements thereto, existing between any of the Creditors and any of the Companies as at the Effective Date, will be deemed to be governed by the terms, conditions and provisions of this Arrangement and the Sanction Order, which shall take precedence and priority.

#### **6.10 SUCCESSORS AND ASSIGNS**

This Arrangement shall be binding on and enure to the benefit of the heirs, liquidators, administrators and other legal representatives, successors and assigns of any Person named or affected by this Arrangement.

#### **6.11 CONSENT, WAIVER AND AGREEMENT**

As of the Effective Date, each Creditor shall be deemed to have consented to all the provisions of this Arrangement considered in its entirety. Without limiting the generality of the foregoing, each Creditor shall be deemed:

- (a) to have executed and delivered to the Companies all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
- (b) to have waived any default by any of the Companies under any provision of any agreement existing between such Creditor and any of the Companies that occurred prior or subsequent to the Filing Date; and

- (c) to have agreed that, if there is any conflict between the provisions, whether expressed or implied, of any agreement or other compromise, whether written or oral, existing between such Creditor and any of the Companies on the Effective Date, and the provisions of this Arrangement, the provisions of this Arrangement shall take precedence and priority and the provisions of any other agreement or compromise shall be deemed to be amended accordingly.

## **SECTION 7** **CONDITIONS PRECEDENT TO THE IMPLEMENTATION** **OF THE ARRANGEMENT**

### **7.1 APPLICATION FOR SANCTION ORDER**

If this Arrangement is approved by the Unsecured Creditors, the Companies may apply forthwith to the Court to obtain the Court's sanction thereof. In this regard, the Notice to Creditors includes a notice of presentation of the Sanction Motion by the Court and also constitutes the notice to the Creditors of the Sanction Motion. In addition to the sanction of the Arrangement, the Companies will seek, as part of the Sanction Order, any orders that are useful to give effect to the provisions of this Arrangement.

### **7.2 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE ARRANGEMENT**

The implementation of this Arrangement shall be conditional upon the fulfilment of all of the conditions set forth below by no later than September 30, 2008, except to the extent that the Companies, as the case may be, waive said conditions or extend the time period for the fulfilment thereof:

#### **7.2.1 Creditor Approval**

Approval of this Arrangement by the Unsecured Creditors in accordance with this Arrangement and the CCAA.

#### **7.2.2 Court Approval**

The issuance of the Sanction Order for this Arrangement by the Court, and an order confirming all of the provisions of this Arrangement, which order shall have acquired the authority of a final and definitive judgment (*res judicata*).

#### **7.2.3 Approval by the CRTC**

The CRTC shall have rendered a favourable and final decision that has acquired the authority of a final and definitive judgment (*res judicata*).

#### **7.2.4 Closing of the acquisition of the Companies by Remstar Corporation**

Remstar shall have acquired the shares of 3947424 Canada Inc.

### 7.2.5 No waiver

The Companies shall not have waived the right to continue their proceedings under the CCAA or to seek the sanction of the Arrangement in respect of all the Creditors or any class thereof.

If the above stipulated conditions are not met within the specified time period and the Companies have not waived them, the Effective Date shall not occur and the Arrangement as well as the Sanction Order shall cease to have any effect.

### 7.3 **MONITOR'S CERTIFICATE**

Upon satisfaction of all the conditions set out in paragraph 7.2 (or waiver thereof, as the case may be), the Monitor shall file a certificate with the Court stating that all the said conditions have been met (or have been waived, as the case may be), and setting the Effective Date accordingly. In so certifying, the Monitor shall be entitled to rely upon the certificates, representations and confirmations received from the Companies, or any of them, and their respective counsel.

### 7.4 **CERTIFICATE OF PERFORMANCE**

Upon receipt of all of the amounts that are required to be remitted to it by the Companies pursuant to this Arrangement, the Monitor shall issue and file in the Court record a certificate of performance of the Arrangement in favour of the Companies.

## **SECTION 8** **AMENDMENT OF THE ARRANGEMENT**

### 8.1 **AMENDMENT OF THE ARRANGEMENT**

The Companies reserve the right at any time, and from time to time, to amend, modify and/or supplement this Arrangement, including, to remove one or more of the Companies from the application of the Arrangement, provided that:

- (a) any such amendment, modification or supplement is set out in a written document filed with the Court and disclosed to the Creditors before or during the Creditors' Meeting; and
- (b) in the case of any amendment, modification or supplement made by the Companies following the Sanction Order, but prior to the Effective Date, that it concerns a matter which, in the opinion of the Monitor, acting reasonably, is purely administrative in nature and useful for the implementation of the Plan and the Sanction Order and is not adverse to the financial and economic interests of the Creditors.

Any supplementary provision to the Arrangement filed with the Court shall be deemed to form an integral part of the Arrangement for all purposes.

## **8.2 PROXIES**

All holders of a proxy authorizing them to vote in favour of the Arrangement as initially submitted to the Unsecured Creditors may exercise this proxy in favour of any amended Arrangement provided that, in the opinion of the Monitor, acting reasonably, such amendment does not render the Arrangement less advantageous to the Unsecured Creditors affected by such amendment.

## **8.3 SEVERABILITY OF CERTAIN PROVISIONS**

Unless the Companies decide otherwise, in the event that any provision of this Arrangement is ruled to be unenforceable, the unenforceability of such provision shall in no way affect the enforceability of the remainder of this Arrangement.

# **SECTION 9 CREDITORS' COMMITTEE**

## **9.1 CREDITORS' COMMITTEE**

The Unsecured Creditors may appoint a Creditors' committee at the Creditors' Meeting consisting of not more than five (5) persons, to exercise the following duties:

- (a) be informed from time to time by the Monitor of developments in the Companies' business, and of the progress made in implementing the Arrangement;
- (b) extend, where applicable, the time period for payment to the Monitor of any sum to be distributed to the Unsecured Creditors.
- (c) assist the Monitor in an advisory capacity in relation to the administration of the Arrangement.

**[Signature on next page]**

**SIGNED** in Montreal, province of Quebec, this May 7, 2008.

**TQS INC.,  
3947424 CANADA INC.,  
TQS VENTES ET MARKETING INC.,  
LES PRODUCTIONS CARREFOUR II INC.,  
LES PRODUCTIONS POINT-FINAL INC.,  
LES PRODUCTIONS POINT-FINAL II INC.,  
LES PRODUCTIONS POINT-FINAL III INC.,**

**Per: (S) Yves Mayrand**  
\_\_\_\_\_  
Yves Mayrand, director  
Duly authorized representative