

WORKOUT AGREEMENT

Between:

Canadian Press Enterprises Inc.

– and –

The Canadian Media Guild

– and –

Koskie Minsky LLP

– and –

Ursel Phillips Fellows Hopkinson LLP

AUGUST 1, 2018

WORKOUT AGREEMENT

BETWEEN

CANADIAN PRESS ENTERPRISES INC.

a corporation incorporated under the laws of Canada ("CPE Inc.")

- and -

THE CANADIAN MEDIA GUILD

the Representative of all active members of The Canadian Press Enterprises Inc. Pension Plan for Employees Represented by the Canadian Media Guild

- and -

KOSKIE MINSKY LLP

the Representative of all active members of The Pension Plan of Canadian Press Enterprises Inc.

- and -

URSEL PHILLIPS FELLOWS HOPKINSON LLP

the Representative of all Retirees and Beneficiaries of The Canadian Press Enterprises Inc. Pension Plan for Employees Represented by the Canadian Media Guild and The Pension Plan of Canadian Press Enterprises Inc.

RECITALS:

- a. CPE Inc. sponsors The Canadian Press Enterprises Inc. Pension Plan for Employees Represented by the Canadian Media Guild (the "Guild Plan") and The Pension Plan of Canadian Press Enterprises Inc. (the "Excluded Plan") (together, the "CPE Pension Plans").
- b. On January 16, 2018, pursuant to subsection 29.03(4) of the *Pension Benefits Standards Act, 1985*, R.S.C. 1985, c. 32 (2nd Supp.) (the "PBSA"), CPE Inc. filed with the Superintendent of Financial Institutions a board resolution and declaration of its intention to enter into a distressed pension plan workout scheme in respect of the CPE Pension Plans.
- c. The distressed pension plan workout scheme involves the negotiation of a workout agreement which, among other things, is intended to propose a funding schedule for the special payments due to the CPE Pension Plans that will enable CPE Inc. to avert a state of financial distress and continue in operation.
- d. On February 6, 2018, CPE Inc. made an application to Federal Court for an Order appointing, pursuant to subsection 29.08(1) of the PBSA, Ursel Phillips Fellows Hopkinson LLP, with Susan Ursel as lead counsel, as representative for the retirees and beneficiaries of each of the CPE Pension Plans (the "Retiree Representative") and

Koskie Minsky LLP, with James Harnum as lead counsel, as representative for the active members of the Excluded Plan, none of whom are unionized (the “Excluded Plan Representative”).

- e. The Canadian Media Guild (the “Guild”) is the representative of all active members of the Guild Plan pursuant to subsection 29.02 of the PBSA.
- f. The Retiree Representative, the Excluded Plan Representative and the Guild (together, the “Representatives”) have exclusive authority to negotiate a workout agreement with CPE Inc. on behalf of their respective cohorts.
- g. Negotiations between CPE Inc. and the Representatives have consisted of ongoing discussions of CPE Inc.’s business plan and strategic goals including its intention to reinvest savings in the business to achieve its goals, its historical labour and employee relations, the funded status of the CPE Pension Plans over many years, the fact that CPE Inc. has not issued dividends to this date, and CPE Inc.’s severely constrained financial ability to meet all its obligations relating to the CPE Pension Plans.
- h. Given CPE Inc.’s precarious financial position, CPE Inc. and the Representatives have agreed in principle to the funding schedule attached to this Workout Agreement as Appendix “A”, which has been vetted by its actuaries for compliance with the PBSA and the regulations promulgated thereunder.
- i. Pursuant to PBSA subsection 29.2(2), the Retiree Representative and the Excluded Plan Representative may only formally consent to this Workout Agreement if less than one third of each group that they represent object to its terms within forty days of August 15, 2018.
- j. Provided that no more than one third of the active members of the Excluded Plan and no more than one third of the retirees and beneficiaries of each of the CPE Pension Plans object to the Workout Agreement, the Retiree Representative and the Excluded Plan Representative will formally consent to the Workout Agreement and the funding schedule attached hereto will be submitted to the Minister of Finance for final consideration and approval.
- k. If approved, the funding schedule will be considered to be part of the prescribed tests and standards for solvency funding for the CPE Pension Plans under the PBSA.

NOW THEREFORE, contingent upon this Workout Agreement receiving the requisite level of support within the specified timeframe, CPE Inc. and the Representatives hereby agree as follows:

1. CPE Inc. and the Representatives will formally consent to this Workout Agreement.
2. The funding schedule attached to this Workout Agreement as Appendix “A” will be submitted to the Minister of Finance for final consideration and approval, along with all prescribed documents and statements that may be required to be submitted with it by CPE Inc. and the Representatives.
3. CPE Inc. will continue to explore a possible merger of the CPE Pension Plans into the Colleges of Applied Arts and Technology Pension Plan (“CAAT”). CPE Inc. understands

that retirees do not have indexing on their pre-2008 service under the CPE Pension Plans and will discuss with CAAT the formula for indexing on the pre-2008 service under CAAT's DB Plus component as part of the merger discussions.

4. The terms of any merger of the CPE Pensions into CAAT will apply equally to the active members of the Guild Plan and the active members of the Excluded Plan. The employee contribution rate to CAAT will be seven percent (7%) and the employer matching contribution rate shall be seven percent (7%).
5. Contingent upon a successful merger of the CPE Pension Plans with CAAT, which for the purposes of this Workout Agreement shall be achieved on the date on which the regulatory authority approves the transfer of the CPE Pension Plans into CAAT and CPE Inc.'s employees commence participation in CAAT, CPE Inc. undertakes to:
 - (a) Work with all necessary regulatory bodies to give effect to all outstanding commuted value transfers out of the CPE Pension Plans immediately prior to any merger of the CPE Pension Plans with CAAT. In the event of a non-merger with CAAT, CPE Inc. recognizes that it will be bound by the rules of the applicable regulatory regime in respect of commuted value transfers;
 - (b) Fully satisfy, to the extent possible, any outstanding rights under the 2012 Pension Deal Sheet – Employee Participation Plan, as amended December 2015 (the "EPP") by a purchase of past service as agreed by CPE Inc. and the Guild; and
 - (c) Amend the EPP in a manner satisfactory to CPE Inc. and the Guild to fully satisfy those EPP entitlements that cannot be resolved by a purchase of past service. Any such amendments will apply with equal measure to the members, retirees and beneficiaries of the CPE Pension Plans.
6. There will be no payments by CPE Inc. under the EPP in 2019. The interest rate for 2019 will be 2%. If there is no merger with CAAT, the interest rate under the EPP will be as determined between the Guild and CPE Inc. in collective bargaining.
7. Conditional upon the funding schedule attached hereto as Appendix "A" receiving approval from the federal Minister of Finance pursuant to subsection 29.3(1) of the PBSA, CPE Inc. will make an additional contribution to the CPE Pension Plans equal to the amount of any dividend that is both declared and paid by CPE Inc. at any point from January 1, 2018 until the earlier of
 - (i) a successful merger of the CPE Pension Plans into CAAT; or
 - (ii) December 31, 2022.

Any additional contribution paid pursuant to this paragraph 7 will be allocated between the Guild Plan and the Excluded Plan pro-rata based on each pension plan's share of the combined solvency deficiencies of the CPE Pension Plans as determined with reference to the most recently filed actuarial valuation report. For greater certainty, any additional contributions paid pursuant to this paragraph 7 will be in addition to those contributions outlined in the funding schedule attached hereto as Appendix "A".

8. This Workout Agreement may be executed in any number of counterparts and all such counterparts taken together will be deemed to constitute one and the same document.

IN WITNESS WHEREOF, each of the following have executed the Agreement on the dates set out below.

CANADIAN PRESS ENTERPRISES INC.:

Malcolm Kirk
President, Canadian Press Enterprises Inc.

Date

Bridget Child
Chief Financial Officer, Canadian Press Enterprises Inc.

Date

**REPRESENTATIVE OF THE ACTIVE MEMBERS OF
THE GUILD PLAN:**

Olivier Desharnais-Roy
Staff Representative, The Canadian Media Guild

Date

**REPRESENTATIVE OF THE ACTIVE MEMBERS OF
THE EXCLUDED PLAN:**

James Harnum
Associate, Koskie Minsky LLP

Date

**REPRESENTATIVE OF THE RETIREES AND
BENEFICIARIES OF THE CPE PENSION PLANS:**

Susan Ursel
Ursel Phillips Fellows Hopkinson LLP

Date

Appendix A

[Funding Schedule]