2412849 ONTARIO INC.

AND

MCGRAW-HILL GLOBAL EDUCATION HOLDINGS, LLC

AND

MCGRAW-HILL RYERSON LIMITED

ARRANGEMENT AGREEMENT

April 16, 2014

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated April 16, 2014,

BETWEEN:

2412849 ONTARIO INC., a corporation existing under the laws of the Province of Ontario (the "**Purchaser**")

- and -

MCGRAW-HILL GLOBAL EDUCATION HOLDINGS LLC, a limited liability company existing under the laws of the State of Delaware ("**MHE**")

- and -

MCGRAW-HILL RYERSON LIMITED, a corporation existing under the laws of the Province of Ontario (the "**Company**")

RECITALS:

A. MHE wishes to acquire all of the Company Shares that it does not already own indirectly, through the Purchaser.

B. The Purchaser is an indirect wholly-owned subsidiary of MHE, formed for the purposes of undertaking the transactions contemplated by this Agreement.

C. The Parties intend to carry out the transactions contemplated by this Agreement by way of a statutory plan of arrangement under the provisions of the OBCA.

D. IFLI has entered into the Lock-Up Agreement.

E. The Special Committee has, after consultation with its financial and legal advisors, unanimously recommended that the Company Board approve the Arrangement and recommend that Company Shareholders (other than the Interested Shareholders) vote in favour of the Arrangement Resolution, subject to the terms and the conditions contained in this Agreement.

F. The Company Board (with the Interested Directors abstaining) has unanimously concluded, following the receipt and review of a unanimous recommendation from the Special Committee, that the Arrangement is fair to the Company Shareholders (other than the Interested Shareholders) and that the Arrangement is in the best interests of the Company, and the Company Board (with the Interested Directors abstaining) has resolved to recommend that the Company Shareholders (other than the Interested Shareholders) vote in favour of the Arrangement Resolution, all subject to the terms and the conditions contained in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal, public announcement, expression of interest, inquiry or request for discussions or negotiations from any Person or group of Persons (other than MHE or any of its affiliates), whether or not in writing and whether or not delivered to the Company Shareholders after the date hereof relating to: (a) any acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as a purchase), direct or indirect, through one or more transactions, of: (i) the assets of the Company that, individually or in the aggregate, constitute 20% or more of the assets of the Company, or which contribute 20% or more of the revenue or earnings of the Company; or (ii) 20% or more of any voting or equity securities of the Company (or rights or interests therein or thereto); (b) any take-over bid, tender offer, issuer bid, exchange offer, treasury issuance or similar transaction that, if consummated, would result in any Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity interests) of the Company; or (c) a plan of arrangement, share issuance, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Company;

"**Advisors**" means the Financial Advisor and the Special Committee's outside legal counsel;

"**affiliate**" has the meaning given in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities Administrators, provided that for purposes of this Agreement, the Company shall not be considered to be an affiliate of MHE;

"**Agreement**" means this Arrangement Agreement, including all schedules annexed hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

"**Arrangement**" means the arrangement of the Company under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments, modifications or supplements thereto made in accordance with this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment, modification or supplement is acceptable to the Company and MHE, each acting reasonably);

"**Arrangement Resolution**" means the special resolution of the Company Shareholders approving the Plan of Arrangement in accordance with Section 182 of the OBCA, which is to be considered at the Company Meeting, and to be substantially in the form and content of Schedule "B" hereto, subject to any amendments, modifications or supplements thereto made with the consent of the Company and MHE, each acting reasonably;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement to be filed with the Director after the Final Order is made, which shall be consistent with the Plan of Arrangement and otherwise in form and content satisfactory to the Company and MHE, each acting reasonably;

"**Authorization**" means any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, bylaw, rule or regulation of, from or required by any Governmental Entity;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to Subsection 183(2) of the OBCA in respect of the Articles of Arrangement;

"**Change in Recommendation**" has the meaning given in Subsection 8.2(a)(iii)(A);

"**Company**" has the meaning given in the Preamble to this Agreement;

"**Company Board**" means the board of directors of the Company as the same is constituted from time to time;

"**Company Circular**" means, as the context requires, the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order and applicable Law to consider the Arrangement Resolution;

"**Company Public Documents**" means all forms, reports, schedules, statements and other documents filed by the Company since January 1, 2013 with applicable Governmental Entities pursuant to applicable Securities Laws;

"**Company Shareholder Approval**" has the meaning given in Subsection 2.2(b);

"**Company Shareholders**" means the holders of the Company Shares;

"**Company Shares**" means the common shares in the authorized capital of the Company as currently constituted;

"**Company Transfer Agent**" means CST Trust Company, in its capacity as registrar and transfer agent for the Company Shares;

"**Consideration**" the consideration to be received by the Company Shareholders pursuant to the Plan of Arrangement as consideration for their Company Shares, consisting of $50.00 in cash per Company Share;

"**Contract**" means any legally binding contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other right or obligation (written or oral) to which the applicable Party or any of such Party's Subsidiaries is a party or by which the applicable Party or any of such Party's Subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Depositary**" means the Company Transfer Agent or such other Person that may be appointed by the Company for the purpose of exchanging certificates representing Company Shares for the Consideration in connection with the Arrangement;

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA;

"**Dissent Rights**" means the rights of dissent granted to registered Company Shareholders in respect of the Arrangement described in the Plan of Arrangement;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 am (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

"**Final Order**" means the final order of the Court pursuant to Section 182 of the OBCA, in a form acceptable to the Company and MHE, each acting reasonably, approving the Arrangement, as such order may be varied by the Court (with the consent of each of the Parties acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company MHE, each acting reasonably) on appeal;

"**Financial Advisor**" has the meaning given in Section 3.1(a);

"**Governmental Entity**" means any applicable:

(a) sovereign nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission (including any securities commission), instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) thereof, any taxing authority, any ministry or department or agency of any of the foregoing;

(b) entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any court;

(c) stock exchange, including the TSX; or

(d) corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing entities established to perform a duty or function on its behalf;

"**IFLI**" means Investmentaktiengesellschaft Fur Langfristige Investoren TGV;

"**IFRS**" means International Financial Reporting Standards, as adopted by the International Accounting Standards Board;

"**including**" means including without limitation, and "**include**" and "**includes**" have a corresponding meaning;

"**Indemnified Person**" has the meaning given in Subsection 7.4(a);

"**Interested Shareholder**" means, collectively, MHE, any related party of MHE (within the meaning of MI 61-101, and subject to the exceptions set out therein), any interested party to the Arrangement (within the meaning of MI 61-101), and any Person that is a joint actor with any of the foregoing (for the purposes of MI 61-101);

"**Interim Order**" means the interim order of the Court contemplated by Section 2.2 and made pursuant to Section 182(5) of the OBCA, in a form acceptable to the Company and MHE, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as the same may be varied by the Court with the consent of the Company and MHE, each acting reasonably;

"**Interested Directors**" has the meaning given in Subsection 3.1(a);

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, regulations, orders, judgments, injunctions or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorizations of or from any Governmental Entity or self-regulatory authority (including the TSX), and the term "**applicable**" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities;

"**Lock-Up Agreement**" means the voting and support agreement dated March 20, 2014, as amended on April 16, 2014, between MHE and IFLI, publicly filed on SEDAR as at the date of the public announcement of the Arrangement, pursuant to which IFLI has agreed, among other things, to support the Arrangement and to vote the Company Shares beneficially owned by it in favour of the Arrangement Resolution;

"**Mailing Deadline**" means May 15, 2014 or such later date as may be agreed to in writing by the Parties;

"**Material Adverse Effect**" means any one or more changes, effects, events, occurrences or states of fact, either individually or in the aggregate, that has, or would reasonably be expected to have, a material adverse effect on the financial condition, businesses, operations, results of operations, property, or obligations (whether absolute, accrued, conditional or otherwise) of the Company taken as a whole, other than any change, effect, event, occurrence or state of facts:

(a) resulting from the announcement of this Agreement or the transactions contemplated herein, the consummation of the transactions contemplated hereby or the communication by MHE or its affiliates regarding the plan or intentions of it with respect to the conduct of the business of the Company, including any actions of competitors, or any loss or threatened loss of, or adverse change or threatened adverse change, in or the relationship of the Company with any of its customers, employees, distributors, or suppliers as a consequence of the same;

(b) affecting Canadian, United States or worldwide, national, regional or local conditions or circumstances (political, economic, business, financial or regulatory, including changes in the credit, securities, interest rate, banking, commodity, currency or capital markets and general economic conditions);

(c) any change, effect or event arising from or out of natural events or conditions (including any natural disaster);

(d) any litigation or claim threatened or initiated by Company Shareholders against the Company or any of its officers or directors, in each case arising out of the execution of this Agreement or the transactions contemplated herein;

(e) affecting the publishing industry in general in Canada and the United States;

(f) relating to a change in the market trading price or trading volume of securities of the Company or any suspension of trading in securities generally or on the TSX;

(g) relating to any adoption, proposal, implementation or change in Laws or any interpretation thereof by any Governmental Entity;

(h) arising from or out of terrorism, war or any escalation or worsening acts of war (whether or not declared), armed hostilities, riots, sabotage, insurrection, civil disorder, military conflicts, political instability or other armed conflict, national calamity, crisis or emergency, or any governmental response to any of the foregoing, in each case, whether occurring within or outside of Canada or United States;

(i) relating to any change in generally accepted accounting principles, including IFRS (and any changes resulting therefrom);

(j) relating to any action taken by or omissions of the Company in accordance with this Agreement or with the prior written consent or direction of MHE or its affiliates;

(k) which MHE has knowledge (or has been notified); or

(l) relating to failure in and of itself to meet any internal or public projections, forecasts, or estimates of revenue, earnings or cash flows of the Company.

provided that without limiting the applicability of paragraphs (a) through (k), the causes underlying such effect referred to in clause (l) may be taken into account when determining whether a Material Adverse Effect has occurred and provided further, however, that such effect referred to in clause (b), (c), (e), (g) or (h) above does not materially disproportionately adversely affect the Company, compared to other entities of similar size operating in the industry in which the Company operates;

"**Meeting Deadline**" means June 15, 2014 or such later date as may be agreed to in writing by the Parties;

"**MHE**" has the meaning given in the Preamble to this Agreement;

"**MHE Company Shares**" means the 1,400,000 Company Shares owned, directly or indirectly, by MHE;

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators;

"**misrepresentation**" has the meaning given in the Securities Act;

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as either may be promulgated or amended from time to time;

"**Outside Date**" means July 31, 2014, or such later date as may be agreed to in writing by the Parties;

"**Parties**" means the Company, the Purchaser and MHE collectively, and "**Party**" means any of them;

"**Person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement of the Company, substantially in the form and content of Schedule "A" hereto, and any amendments, modifications or supplements thereto made in accordance with this Agreement and the Plan of Arrangement or upon the direction of the Court in the Final Order (provided that any such amendment, modification or supplement is acceptable to the Company and MHE, each acting reasonably);

"**Proposed Agreement**" has the meaning given in Subsection 7.1(d);

"**Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, permits, clearances, declarations, filings and other approvals (including the waiver, expiry or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses or expires following the giving of notice without an objection being made) of Governmental Entities, that are required to be obtained in order to consummate the transactions contemplated by this Agreement;

"**Representative**s" means the officers, directors, employees, financial advisors, legal counsel, accountants, consultants and other agents and representatives of a Party;

"**Response Period**" has the meaning given in Subsection 7.1(d)(vi);

"**Securities Act**" means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Securities Laws**" means the Securities Act, together with all other applicable provincial securities Laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)* and available for public view at www.sedar.com;

"**Share Split Resolution**" has the meaning given in Subsection 2.3(f);

"**Special Committee**" means the special committee of members of the Company Board independent of MHE formed for the purpose of considering and making a recommendation in respect of any transaction proposed by MHE;

"**Subsidiary**" has the meaning given in National Instrument 45-106 – *Prospectus and Registration Exemptions*, provided that for purposes of this Agreement, the Company shall not be considered to be a Subsidiary of MHE;

"**Superior Proposal**" means an unsolicited *bona fide* Acquisition Proposal made by a party other than MHE or its affiliates, to the Company or the Company Shareholders in writing after the date hereof: (a) to purchase or otherwise acquire, directly or indirectly, all of the Company Shares not beneficially owned by the party making the Acquisition Proposal or all or substantially all of the assets of the Company; (b) that is reasonably capable of being completed in accordance with its terms, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal; (c) that is not subject to any financing condition, or in respect of which unconditional financing commitment letters have been received, and in either case, in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to be available to the satisfaction of the Company Board or the Special Committee, acting in good faith (after receipt of advice from its financial advisors and outside legal counsel); (d) that is not subject to a due diligence and/or access condition; (e) that did not result from a material breach of Section 7.1 by the Special Committee or its Advisors; and (f) in respect of which the Company Board or the Special Committee determines in good faith (after receipt of advice from outside legal counsel with respect to (x) below and financial advisors with respect to (y) below) that: (x) failure to recommend such Acquisition Proposal to the Company Shareholders would be inconsistent with its fiduciary duties under applicable Law; and (y) which would, taking into account all of the terms and conditions of such Acquisition Proposal, if consummated in accordance with its terms, result in a transaction more favourable to the Company Shareholders (other than the Interested Shareholders) from a financial point of view than the Arrangement (including any adjustments to the terms and conditions of the Arrangement proposed by MHE pursuant to Subsection 7.1(e));

"**Taxes**" means any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity;

"**Transaction Personal Information**" has the meaning given in Section 9.2 hereof;

"**TSX**" means the Toronto Stock Exchange;

"**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and

"**Valuation and Fairness Opinion**" means the verbal and the subsequent written formal valuation and opinion of the Financial Advisor to the effect that, as of the date of such formal valuation and upon and subject to the qualifications and limitations set forth therein, the fair market value of the Company Shares is in the range of $49.00 to $53.00 and the consideration being offered under the Arrangement to Company Shareholders (other than the Interested Shareholders) is fair, from a financial point of view, to such holders.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If any period expires on a day which is not a business day or any event or condition is required by the terms of this Agreement to occur or to be fulfilled on a day which is not a business day, such period shall expire or such event or condition shall occur or be fulfilled, as the case may be, on the next succeeding day which is a business day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "$" refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement in respect of the Company shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with IFRS consistently applied.

1.7 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A	-	Plan of Arrangement
Schedule B	-	Arrangement Resolution

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

The Company and MHE agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order

As soon as reasonably practicable following the execution of this Agreement, the Company shall apply to the Court in a manner acceptable to MHE, acting reasonably, pursuant to Section 182 of the OBCA, and prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

(a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(b) that the requisite approval for the Arrangement Resolution shall be: (i) not less than 66⅔% of the votes cast on the Arrangement Resolution by the Company Shareholders present in person or represented by proxy at the Company Meeting and voting as a single class; and (ii) a simple majority of the votes cast on the Arrangement Resolution by Company Shareholders present in person or represented by proxy at the Company Meeting and voting as a single class, excluding votes cast by holders of Company Shares that are required to be excluded pursuant to Section 8.1(2) of MI 61-101 (collectively, the "**Company Shareholder Approval**");

(c) that, in all other respects, the terms, conditions and restrictions of the Company's articles of incorporation and by-laws, including quorum requirements and other matters, shall apply in respect of the Company Meeting;

(d) for the grant of Dissent Rights to the Company Shareholders who are registered Company Shareholders;

(e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(f) that the Company Meeting may be adjourned or postponed from time to time by the Company Board or the Special Committee subject to the terms of this Agreement without the need for additional approval of the Court; and

(g) that the record date for the Company Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of or as a consequence of any adjournment(s) or postponement(s) of the Company Meeting.

2.3 Company Meeting

Subject to the terms of this Agreement and the receipt of the Interim Order:

(a) The Company has fixed a record date of April 23, 2014 for purposes of determining the Company Shareholders entitled to receive notice and vote at the Company Meeting and the Company will convene and conduct the Company Meeting in accordance with the Interim Order, the Company's articles of incorporation, by-laws and applicable Law as soon as reasonably practicable, and in any event on or before the Meeting Deadline. The Company agrees that it shall, in consultation with MHE, publish the record date for the purposes of determining the Company Shareholders entitled to receive notice of and vote at the Company Meeting, in accordance with the OBCA and the Interim Order;

(b) Unless the Agreement shall have been terminated in accordance with its terms, the Company shall not adjourn, postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of MHE, except: (i) in the case of adjournment, as required for quorum purposes, by Law, by a Governmental Entity, or by valid Company Shareholder action (which action is not solicited or proposed by the Special Committee); or (ii) as otherwise contemplated by this Agreement;

(c) Subject to the terms of this Agreement and compliance by the directors and officers with their fiduciary duties and provided that the Company Board has not made a Change in Recommendation, the Company shall (i) solicit proxies in favour of the Arrangement Resolution and against any resolution submitted by any other Company Shareholder, including, if so requested by MHE, using the services of dealers and proxy solicitation services and permitting MHE to otherwise assist the Company in such solicitation; it being agreed that all costs and expenses incurred in connection with such services will be paid by MHE, and take all actions that are reasonably necessary or desirable to seek the approval of the Arrangement Resolution by the Company Shareholders, (ii) recommend to holders of Company Shares that they vote in favour of the Arrangement Resolution, and (iii) include in the Company Circular a statement that each director and executive officer of the Company intends to vote all of such person's Company Shares in favour of the Arrangement Resolution, subject to the other terms of this Agreement;

(d) The Company will advise MHE as MHE may reasonably request, and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;

(e) The Company will promptly advise MHE of any written notice of dissent or purported exercise by any Company Shareholder of Dissent Rights received by the Company in relation to the Arrangement and any withdrawal of Dissent Rights received by the Company and any written communications sent by or on behalf of the Company to any Company Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement; and

(f) If required by the TSX, after consultation with the TSX following the public announcement of the Plan of Arrangement, the Company shall submit for consideration at the Company Meeting a resolution to amend the restated certificate of incorporation of the Company to effect a share split of the Company Shares (the "**Share Split Resolution**").

2.4 Company Circular

(a) As promptly as reasonably practicable following execution of this Agreement, and in any event prior to the close of business on the Mailing Deadline, the Company shall: (i) prepare the Company Circular together with any other documents required by applicable Laws in connection with the Company Meeting; (ii) file the Company Circular in all jurisdictions where the same is required to be filed; and (iii) mail the Company Circular as required under applicable Laws and by the Interim Order.

(b) On the date of mailing thereof, the Company Circular shall comply in all material respects with all applicable Laws and the Interim Order and shall contain sufficient detail to permit the Company Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Company Meeting and, without limiting the generality of the foregoing, the Company Circular will not contain any misrepresentation (other than with respect to information provided by MHE, including information relating to MHE or its respective affiliates).

(c) MHE shall provide to the Company all information regarding MHE and its affiliates, as is reasonably requested by the Company or required by the Interim Order or applicable Laws for inclusion in the Company Circular. MHE shall ensure that such information does not contain any misrepresentation. MHE shall indemnify and save harmless the Company and its Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Company or any of its Representatives may be subject or may suffer, in any way caused by, or arising directly or indirectly, from or in consequence of (a) any misrepresentation or alleged misrepresentation in any information included in the Company Circular that is provided by MHE or its Representatives for the purpose of inclusion in the Company Circular or otherwise approved by MHE and (b) any order made, or any inquiry, investigation or proceeding by any Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in any information related to MHE and provided by MHE or its Representatives for the purpose of inclusion in the Company Circular or otherwise approved by MHE. The indemnification provisions of this Section 2.4(c) shall survive the consummation of the Arrangement and are intended to be for the benefit of, and shall be enforceable by, each Representative of the Company and his or her heirs, executors, administrators and legal representatives and shall be binding on the Company and its successors and assigns and, for such purpose, the Company hereby confirms that it is acting as agent and trustee on behalf of the individuals specified in this Section 2.4(c); provided, however, that no approval of any beneficiary of such trust will be required in connection with any amendment or variation of this Section 2.4(c) prior to the Effective Date.

(d) MHE and its legal counsel shall be given a reasonable opportunity to review and comment on the Company Circular prior to the Company Circular being printed and filed with any Governmental Entity, and reasonable consideration shall be given to any comments made by MHE and its legal counsel, provided that all information relating solely to MHE included in the Company Circular shall be in form and content satisfactory to MHE, acting reasonably. The Company shall provide MHE with final copies of the Company Circular prior to mailing the Company Circular to the Company Shareholders.

(e) The Company and MHE shall each promptly notify the other if, at any time before the Effective Date, any of them becomes aware that the Company Circular contains a misrepresentation, or that otherwise requires an amendment or supplement to the Company Circular, and the Parties shall cooperate in the preparation of any such amendment or supplement to the Company Circular as required or appropriate, and the Company shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Company Circular to the Company Shareholders and, if required by the Court or applicable Laws, file the same with any Governmental Entity and as otherwise required.

2.5 Preparation of Filings

The Company and MHE shall co-operate and use their commercially reasonable efforts in good faith to take, or cause to be taken, all reasonable actions, including the preparation of any applications for Regulatory Approvals and other orders, registrations, consents, filings, rulings, exemptions, no-action letters, circulars and approvals required in connection with this Agreement and the Arrangement and the preparation of any required documents, in each case as reasonably necessary to discharge their respective obligations under this Agreement and the Arrangement. Without limiting the generality of the foregoing, each Party shall: (i) make such securities and other regulatory filings as may be necessary in connection with the completion of the Arrangement and the other transactions contemplated by this Agreement; (ii) provide the other Party reasonable opportunity to comment on any such filings; (iii) provide to the other Party all information regarding it and its affiliates as required by applicable Laws in connection with any such filings; (iv) use commercially reasonable efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial or other expert information required to be included in any such filings and to the identification in such filings of each such advisor; and (v) not attend any meeting with any Governmental Entity in which substantive matters, or matters that relate to the timing of, any Regulatory Approval in connection with the Arrangement or the transactions contemplated by this Agreement are discussed, unless it provides the other Party with a reasonable opportunity to attend such meetings.

2.6 Final Order

If (a) the Interim Order is obtained, and (b) the Arrangement Resolution is passed at the Company Meeting by the Company Shareholders as provided for in the Interim Order and as required by applicable Law, the Company shall diligently pursue and take all steps necessary or desirable to have the hearing before the Court of the application for the Final Order pursuant to Section 182 of the OBCA held as soon as reasonably practicable and, in any event, within three (3) Business Days following the Company Shareholder Approval at the Company Meeting.

2.7 Court Proceedings

Subject to the terms of this Agreement, MHE will cooperate with and assist the Company in seeking the Interim Order and the Final Order, including by providing to the Company, on a timely basis, any information reasonably required to be supplied by MHE, in connection therewith. The Company will provide legal counsel to MHE with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Subject to applicable Law, the Company will not file any material with the Court in connection with the Arrangement or serve any such material, and will agree to not modify or amend materials so filed or served, except as contemplated by this Section 2.7, as required by the Court or with MHE's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that nothing herein shall require MHE to agree or consent to any increase in Consideration or other modification or amendment to such filed or served materials that expands or increases MHE's obligations set forth in any such filed or served materials or under this Agreement or the Arrangement. The Company shall also provide to MHE's legal counsel on a timely basis copies of any notice of appearance or other Court documents served on the Company in respect of the application for the Interim Order or the Final Order or any appeal therefrom and of any notice, whether written or oral, received by the Company indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order. The Company will ensure that all materials filed with the Court in connection with the Arrangement are consistent in all material respects with the terms of this

Agreement and the Plan of Arrangement. In addition, the Company will not object to legal counsel to MHE making submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that the Company is advised of the nature of any submissions prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement. The Company will also oppose any proposal from any party that the Final Order contain any provision inconsistent with this Agreement, and, if at any time after the issuance of the Final Order and prior to the Effective Date, the Company is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with, MHE.

2.8 Articles of Arrangement and Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date. Upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article VI, each of MHE and the Company shall execute and deliver such closing documents and instruments and on the second business day following satisfaction or waiver of such conditions precedent (excluding conditions that, by their terms, cannot be satisfied until the Effective Time) shall proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Director pursuant to Section 182 of the OBCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any further act or formality. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the OBCA. The Company agrees to amend the Plan of Arrangement at any time prior to the Effective Time in accordance with Section 8.3 of this Agreement to include such other terms determined to be necessary or desirable by MHE, acting reasonably, provided that the Plan of Arrangement shall not be amended in any manner which is inconsistent with the provisions of this Agreement, which has the effect of reducing the Consideration or which is otherwise prejudicial to the Company Shareholders or other parties to be bound by the Plan of Arrangement. The closing of the Arrangement will take place at the offices of Osler, Hoskin & Harcourt LLP, Suite 6300, 1 First Canadian Place, Toronto, Ontario M5X 1B8 at 10:00 a.m. (Toronto time) on the Effective Date, or at such other time and place as may be agreed to by the Parties.

2.9 Payment of Consideration

The Purchaser will, following receipt by the Company of the Final Order and prior to the filing by the Company of the Articles of Arrangement, deposit in escrow with the Depositary sufficient funds to satisfy the Consideration payable to the Company Shareholders (other than the Interested Shareholders and other than Company Shareholders validly exercising Dissent Rights who have not withdrawn their notice of objection).

2.10 Announcement and Shareholder Communications

The Company and MHE shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by each of the Parties, the text and timing of each Party's announcement to be approved by the other Party in advance, acting reasonably. The Company and MHE agree to co-operate in the preparation of presentations, if any, to Company Shareholders regarding the transactions contemplated by this Agreement, and no Party shall: (i) issue any press release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the prior written consent of the other Party (which consent shall not be unreasonably withheld, delayed or conditioned); or (ii) make any filing with any Governmental Entity with respect thereto without the prior written consent of the other Party (which consent shall not be unreasonably withheld, delayed or conditioned); provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing. To the extent possible from and after the date hereof and until the Effective Date, the Company shall provide prior notice to MHE of any material public disclosure that the Company proposes to make regarding its business or operations, together with a draft copy of such disclosure. MHE and its legal counsel, shall be given a reasonable opportunity to review and comment on such disclosure prior to such disclosure being disseminated publicly or filed with any Governmental Entity, and reasonable consideration shall be given by the Company to any comments made by MHE and its counsel, provided that the Company shall have no obligation to consult with MHE prior to any disclosure by it with regard to an Acquisition Proposal or a Change in Recommendation.

2.11 Withholding Taxes

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Company Shareholders under this Agreement or the Plan of Arrangement such amounts as the Purchaser, the Company or the Depositary, as applicable, are required or reasonably believe after considering the advice of counsel to be required to deduct and withhold from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to this Agreement or the Plan of Arrangement, provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity in accordance with applicable Law, be treated for all purposes under this Agreement and the Plan of Arrangement as having been paid to the Company Shareholders in respect of which such deduction, withholding and remittance was made. The Purchaser, the Company and the Depositary shall be entitled to accept documentation from the Company Shareholders which is required or which the Purchaser, the Company and the Depositary reasonably believe is required after considering the advice of counsel to reduce or eliminate withholding Taxes in accordance with applicable Law, including without limitation certificates or certifications of residency.

2.12 List of Shareholders

At the reasonable request of MHE from time to time, the Company shall provide MHE with a list (in both written and electronic form) of the registered Company Shareholders, together with their addresses and respective holdings of Company Shares and a list of non-objecting beneficial owners of Company Shares together with their addresses and respective holdings of Company Shares. The Company shall from time to time cause the Company Transfer Agent to furnish MHE with such additional information, including updated or additional lists of Company Shareholders and lists of holdings and other assistance as MHE may reasonably request.

2.13 Performance of the Purchaser

MHE hereby unconditionally and irrevocably guarantees, and covenants and agrees to be jointly and severally liable with the Purchaser for, the due and punctual performance of each and every obligation of the Purchaser arising under this Agreement, the Arrangement and the Plan of Arrangement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

3.1 Representations and Warranties

The Company hereby represents and warrants to MHE as follows, and acknowledges that MHE is relying upon such representations and warranties in connection with the entering into of this Agreement:

(a) Company Board and Special Committee Approval. As of the date hereof, (i) the Special Committee, after consultation with the Advisors, has unanimously recommended that the Company Board approve the Arrangement and recommend that Company Shareholders (other than the Interested Shareholders) vote in favour of the Arrangement Resolution, and (ii) the Company Board, acting on the unanimous recommendation of the Special Committee, has, subject to the disclosure of interests and abstentions by Mr. Mark DesLauriers, Mr. David Swail, Mr. Mark Dorman, Mr. Kurt Strand, and Mr. David Kraut as interested directors (the "**Interested Directors**"), determined unanimously that the Arrangement is fair to the Company Shareholders (other than the Interested Shareholders) and is in the best interests of the Company and has resolved unanimously to recommend to the Company Shareholders (other than the Interested Shareholders) that they vote their Company Shares in favour of the Arrangement. As of the date hereof, the Company Board (with the Interested Directors abstaining) has unanimously approved the Arrangement and the execution and performance of this Agreement. As of the date hereof, the Special Committee has received the Valuation and Fairness Opinion from MPA Morrison Park Advisors Inc. (the "**Financial Advisor**");

(b) Organization and Qualification. The Company is a corporation duly organized and validly existing under the laws of the Province of Ontario, has full corporate power and authority to own or lease the property and assets it currently owns or leases and to conduct its business as now owned and conducted. The Company is duly qualified to carry on its business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not have a Material Adverse Effect;

(c) Authority Relative to this Agreement. The Company has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement have been duly authorized by the Company Board and, other than the

Company Shareholder Approval, no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the performance of its obligations under this Agreement. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable by MHE against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

(d) No Conflict; Required Filings and Consent. The execution and delivery by the Company of this Agreement and the performance by it of its obligations hereunder will not violate, conflict with or result in a breach of any provision of the constating documents of the Company. Other than the Interim Order and the Final Order, and any applicable Regulatory Approvals, no Authorization of, or filing with, any Governmental Entity or any court or other authority is necessary on the part of the Company for the consummation by the Company of its obligations in connection with the Arrangement under this Agreement, except where the failure to obtain any such Authorization would not have a Material Adverse Effect;

(e) Capitalization and Listing.

(i) The authorized capital of the Company consists of 5,000,000 no par value common shares and, as of March 31, 2014, there are 1,996,638 Company Shares issued and outstanding as fully-paid and non-assessable shares of the Company;

(ii) As of the date hereof, there are no options, warrants, conversion privileges, calls or other rights, shareholder rights plans, agreements, arrangements, commitments, or obligations of the Company to issue or sell any Company Shares or other securities or obligations of any kind convertible into, exchangeable for or otherwise carrying the right or obligation to acquire any such Company Shares and there are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments of the Company based upon the book value, income or any other attribute of the Company; and no Person is entitled to any pre-emptive or other similar right granted by the Company;

(iii) As of the date hereof, the Company Shares are listed on the TSX and are not listed on any market other than the TSX;

(iv) As of the date hereof, there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any Company Shares; and

(v) As of the date hereof, no order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued and is outstanding against the Company or its directors, officers or promoters;

(f) Shareholder Agreements. The Company is not party to any shareholder, pooling, voting trust or other similar agreement relating to the issued and outstanding securities in the capital of the Company;

(g) Reports. As at the date hereof, the Company has filed with all applicable Governmental Entities true and complete copies of the Company Public Documents that the Company is required to file therewith. The Company Public Documents at the time filed: (i) did not contain any misrepresentation, and (ii) complied in all material respects with the requirements of applicable Laws in effect at the time of filing, except, in each case, for any misrepresentation or non-compliance that MHE has been notified of by the Company or otherwise has knowledge of, prior to the date hereof. As at the date hereof, the Company has not filed any confidential material change report with any Governmental Entity which at the date hereof remains confidential;

(h) Public Issuer Status. As of the date hereof, the Company is a reporting issuer not in default (or the equivalent) under the Securities Laws of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island; and

(i) Brokers. Except for the Financial Advisor, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission from, or to the reimbursement of any of its expenses by, the Company in connection with this Agreement or the Arrangement. The Company has provided to MHE a correct and complete copy of all agreements relating to the arrangements between it and the Financial Advisor which are in effect at the date hereof.

3.2 Survival of Representations and Warranties

The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF MHE AND PURCHASER

4.1 Representations and Warranties

Each of MHE and Purchaser hereby jointly and severally represents and warrants to the Company as follows, and acknowledges that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement:

(a) Organization and Qualification. Each of MHE and Purchaser is duly incorporated and validly existing under the laws of the province or state, as applicable, of its incorporation and has full corporate power and authority to own its assets and conduct its business as now owned and conducted;

(b) Authority Relative to this Agreement. Each of MHE and Purchaser has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by MHE and by Purchaser and the consummation by MHE and Purchaser of the transactions contemplated by this Agreement have been duly authorized and no other proceedings on the part of MHE or Purchaser are necessary to authorize this Agreement. This Agreement has been duly executed and delivered by MHE and Purchaser and constitutes a valid and binding obligation of MHE and of Purchaser, enforceable by the Company against MHE and Purchaser in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

(c) No Conflict; Required Filings and Consent. The execution and delivery by MHE and Purchaser of this Agreement and the execution and delivery by MHE of the Lock-Up Agreement and the performance by it of its obligations hereunder and, in the case of MHE, thereunder and the completion of the Arrangement will not violate, conflict with or result in a breach of any provision of the constating documents of MHE and Purchaser and will not: (i) violate, conflict with or result in a breach of: (A) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, Authorization, licence or permit to which MHE or Purchaser is a party or by which MHE or Purchaser is bound where such event would materially impact MHE or Purchaser's ability to complete the Arrangement; or (B) any Law to which MHE or Purchaser is subject or by which MHE or Purchaser is bound; (ii) give rise to any right of termination, or the acceleration of any indebtedness, under any such agreement, contract, indenture, Authorization, deed of trust, mortgage, bond, instrument, licence or permit where such event would materially impair MHE or Purchaser's ability to complete the Arrangement. Other than the Interim Order and the Final Order, no Authorization of, or filing with, any Governmental Entity or any court or other authority is necessary on the part of MHE or Purchaser for the consummation by MHE and Purchaser of their respective obligations in connection with the Arrangement under this Agreement, except where the failure to obtain any such Authorization would not materially impair MHE or Purchaser's ability to complete the Arrangement.

(d) Financing. MHE has sufficient means, pursuant to the Plan of Arrangement plus its available cash on hand, to effect payment of the aggregate Consideration and other amounts payable by it in accordance with Section 2.9 and the other provisions of this Agreement;

(e) Company Shares. Other than MHE Company Shares, none of MHE nor any of its Subsidiaries or affiliates beneficially owns any Company Shares;

(f) Litigation. There is no claim, action, suit, proceeding, investigation or arbitration pending or, to the knowledge of MHE, threatened against Purchaser or MHE or any of MHE's Subsidiaries which, if adversely determined, would materially impair MHE or Purchaser's ability to complete the Arrangement nor, to the knowledge of MHE, are there any events or circumstances which could reasonably be expected to give rise to any such claim, action, suit, proceeding, investigation or arbitration. Neither Purchaser nor MHE nor any of MHE's Subsidiaries is subject to any outstanding order, writ, injunction or decree which would materially impair or materially delay MHE or Purchaser's ability to complete the Arrangement;

(g) Intentions Regarding Share Ownership. Neither MHE nor any of its affiliates has any intention to, directly or indirectly, sell, transfer or otherwise dispose of any Company Shares or to pursue or support any transaction that would contemplate any such sale, transfer or disposition, in which any third party would acquire Company Shares, either from the Company Shareholders (other than an Interested Shareholder) or from treasury;

(h) Lock-Up Agreement. MHE has provided the Independent Committee with a true, correct and complete copy of the Lock-Up Agreement and has publicly filed the Lock-Up Agreement on SEDAR. The Lock-Up Agreement is in full force and effect, unamended. MHE is in full compliance with all of its obligations, and is not in default (and no event has occurred which, with notice or lapse of time or both, would constitute a default), under the Lock-Up Agreement;

(i) No "Collateral Benefits". No "related party" of the Company (within the meaning of MI 61-101) is entitled to receive, directly or indirectly, as a consequence of, or in connection with, the Arrangement or the other transactions contemplated by this Agreement, a "collateral benefit" (within the meaning of MI 61-101); and

(j) No Breach. Neither MHE nor Purchaser has any knowledge of (i) a Material Adverse Effect, or (ii) any facts or circumstances which would constitute a breach by the Company of any of its representations, warranties and/or covenants herein.

4.2 Survival of Representations and Warranties

The representations and warranties of MHE contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5
COVENANTS

5.1 Covenants of the Company Relating to the Arrangement

The Company covenants and agrees that the Company shall use all commercially reasonable efforts to perform all obligations required to be performed by the Company under this Agreement, co-operate with MHE in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing or the obligations in Section 2.5, the Company shall:

(a) use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against the Company challenging or affecting this Agreement or the consummation of the transactions contemplated by this Agreement;

(b) use commercially reasonable efforts to satisfy all conditions precedent in Article 6 to the extent the same are within its control and take all steps set forth in the Interim Order;

(c) use commercially reasonable efforts to obtain, as soon as reasonably practicable following execution of this Agreement, all third party consents, if any, reasonably requested by MHE;

(d) except in accordance with the terms of this Agreement, not take any action or fail to take any action, which action or failure to act is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of any Party from consummating the Arrangement or other transactions contemplated by this Agreement;

(e) not initiate any material discussions or negotiations with any Governmental Entity regarding any matter with respect to the Arrangement or the transactions contemplated by this Agreement without providing MHE with a reasonable opportunity to attend such discussions or negotiations, and shall provide MHE with notice as soon as reasonably practicable of any material communication with respect to such matters (whether oral or written) from a Governmental Entity, including a copy of any written communication; and

(f) subject to obtaining an irrevocable and complete release and discharge from all claims and potential claims in respect of the period prior to the Effective Time in favour of each member of the Board of Directors and confirmation that insurance coverage is maintained as anticipated by Section 7.4, use commercially reasonable efforts to assist in effecting the resignations of each member of the Board of Directors (to the extent requested by MHE), and causing them to be replaced by persons nominated by MHE effective as at the Effective Time.

5.2 Covenants of MHE Relating to the Arrangement

MHE covenants and agrees that MHE shall, and shall cause each of its Subsidiaries to, use all commercially reasonable efforts to perform all obligations required to be performed by MHE or any of its Subsidiaries under this Agreement, co-operate with the Company in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing or the obligations in Section 2.5, MHE shall and shall cause each of its respective Subsidiaries to:

(a) use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against MHE challenging or affecting this Agreement or the consummation of the transactions contemplated by this Agreement;

(b) use commercially reasonable efforts to satisfy all conditions precedent in Article 6 to the extent the same are within its control;

(c) vote all Company Shares held by it or over which it exercises control or direction on the record date for the Company Meeting in favour of the Arrangement Resolution and the Share Split Resolution if required;

(d) provide such assistance as may reasonably be required by the Company for the purposes of completing the Company Meeting;

(e) except in accordance with the terms of this Agreement, not take any action or fail to take any action, which action or failure to act is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of any Party from consummating the Arrangement or other transactions contemplated by this Agreement;

(f) not initiate any material discussions or negotiations with any Governmental Entity regarding any matter with respect to the Arrangement or the transactions contemplated by this Agreement without providing the Company with a reasonable opportunity to attend such discussions or negotiations, and shall provide the Company with notice as soon as reasonably practicable of any material communication with respect to such matters (whether oral or written) from a Governmental Entity, including a copy of any written communication; and

(g) take all necessary action to ensure that it has sufficient means to carry out its obligations under this Agreement, the Plan of Arrangement and the other elements of the transaction and it shall, in accordance with Section 2.9, provide the Depository with sufficient funds to pay in full the Consideration payable to the Company Shareholders (other than the Interested Shareholders and other than Company Shareholders validly exercising Dissent Rights who have not withdrawn their notice of objection).

ARTICLE 6
CONDITIONS

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the Arrangement are subject to the fulfillment of each of the following conditions precedent at or before the Effective Time (each of which may only be waived in whole or in part with the mutual consent of the Parties):

(a) the Arrangement Resolution shall have been approved and adopted by the Company Shareholders at the Company Meeting in accordance with the Interim Order;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or varied in a manner unacceptable to any of the Parties, each acting reasonably, on appeal or otherwise;

(c) no Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect and has the effect of making the Arrangement illegal or otherwise preventing or prohibiting consummation of the Arrangement;

(d) there shall not be pending or threatened in writing any suit, action or proceeding by any Governmental Entity that is reasonably likely to result in a prohibition or restriction on the acquisition by MHE of any Company Shares or restriction or prohibition of the consummation of the transactions contemplated by the Arrangement; and

(e) this Agreement shall not have been terminated in accordance with its terms.

6.2 Additional Conditions Precedent to the Obligations of MHE

The obligation of MHE to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent at or before the Effective Time (each of which is for the exclusive benefit of MHE, and may be waived by MHE):

(a) all covenants of the Company under this Agreement to be performed on or before the Effective Time which have not been waived by MHE shall have been duly performed by the Company in all material respects and MHE shall have received a certificate of the Company addressed to MHE, and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as at the Effective Time;

(b) the representations and warranties of the Company set forth Article 3 shall be true and correct in all material respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and MHE shall have received a certificate of the Company addressed to MHE and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as at the Effective Time; and

(c) there shall not have occurred a Material Adverse Effect between the date of this Agreement and the Company Meeting.

6.3 Additional Conditions Precedent to the Obligations of the Company

The obligation of the Company to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent at or before the Effective Time (each of which is for the exclusive benefit of the Company and may be waived by the Company):

(a) all covenants of MHE under this Agreement to be performed on or before the Effective Time which have not been waived by the Company shall have been duly performed by MHE in all material respects, and the Company shall have received a certificate of MHE addressed to the Company, and dated the Effective Date, signed on behalf of MHE by two senior executive officers of MHE (on MHE's behalf and without personal liability), confirming the same as at the Effective Time;

(b) the representations and warranties of MHE set forth in subsections (a) through (g) of Section 4.1 shall be true and correct in all material respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and the Company shall have received a certificate signed on behalf of MHE by two senior executive officers of MHE (on MHE's behalf and without personal liability) confirming the same as of the Effective Time; and

(c) MHE shall have complied with its obligations under Section 2.9 and the Depositary shall have confirmed receipt of the full aggregate amount of the Consideration.

6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2, and Section 6.3 shall be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

ARTICLE 7
ADDITIONAL AGREEMENTS

7.1 The Company Non-Solicitation

(a) On and after the date of this Agreement, except as otherwise expressly provided in this Section 7.1, the Company shall not through the Special Committee or any Advisor:

(i) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries, proposals or offers relating to any Acquisition Proposal or that may reasonably be expected to lead to an Acquisition Proposal;

(ii) engage in, continue or otherwise participate in any discussions or negotiations with any Person regarding an Acquisition Proposal or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal;

(iii) accept, approve, endorse or recommend or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal; or

(iv) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal.

(b) The Company through the Special Committee shall immediately provide notice to MHE of any Acquisition Proposal or any proposal, inquiry or offer that could lead to an Acquisition Proposal or any amendments to the foregoing or any request for non-public information relating to the Company in connection with such an Acquisition Proposal or for access to the properties, books or records of the Company, in each case, that it is aware of. Such notice to MHE shall be made, from time to time, first immediately orally and then promptly (and in any event within 24 hours) in writing and shall indicate the identity of the Person or Persons making such proposal, inquiry, offer or request, all material terms thereof and such other details of the proposal, inquiry, offer or request known to the Special Committee, and shall include copies of any such proposal, inquiry, offer or request or any amendment to any of the foregoing. The Company through the Special Committee shall keep MHE promptly and fully informed of the status, including any change to the material terms, of any such proposal, offer, inquiry or request and will respond promptly to all inquiries by MHE with respect thereto.

(c) If at any time following the date of this Agreement and prior to the Company Meeting the Company, the Company Board or the Special Committee receives a request for material non-public information, or to enter into discussions, from a Person that proposes to the Company an unsolicited *bona fide* written Acquisition Proposal that did not result from a breach of this Section 7.1 and the Special Committee determines, in good faith and after consultation with its financial advisors and outside legal counsel that such Acquisition Proposal constitutes or could reasonably be expected to result in a Superior Proposal, then, and only in such case, the Company may:

(i) provide the Person making such Acquisition Proposal with access to information regarding the Company; and/or

(ii) engage in discussions or negotiations with the Person making such Acquisition Proposal,

provided that the Company through the Special Committee shall not, and shall not allow any of its Advisors to, disclose any non-public information with respect to the Company to such Person without having: (x) entered into a confidentiality agreement on customary terms, and provided a copy of such confidentiality agreement to MHE; and (y) provided further that MHE is provided with a list of the information provided to such Person and MHE is immediately provided with access to the same information to which such Person was provided, to the extent that such information has not previously been provided or made available. Any such confidentiality agreement may not include any provision calling for an exclusive right to negotiate with the Company and may not restrict the Company or the Special Committee from complying with this Section 7.1. The Company through the Special Committee shall keep MHE reasonably informed on a prompt basis of the status, including any changes to the terms, of any such Acquisition Proposal or request.

(d) The Company agrees that it will not through the Special Committee accept, approve, recommend or enter into any agreement, understanding or arrangement (a "**Proposed Agreement**"), other than a confidentiality agreement as contemplated by Subsection 7.1(c), with any Person relating to an Acquisition Proposal, unless:

(i) the Special Committee determines that the Acquisition Proposal constitutes a Superior Proposal;

(ii) Company Shareholder Approval has not been obtained;

(iii) the Company Meeting has not occurred;

(iv) the Company through the Special Committee has complied in all material respects with this Section 7.1;

(v) the Company through the Special Committee has provided MHE with a notice in writing that such Acquisition Proposal is a Superior Proposal together with all documentation constituting the Superior Proposal, including a copy of any Proposed Agreement relating to such Superior Proposal, and a written document from the Special Committee specifying the value in financial terms that the Special Committee has, in consultation with its financial advisors, determined in good faith should be ascribed to any non-cash consideration offered under the Superior Proposal, such documents to be so provided to MHE not less than five Business Days prior to the proposed acceptance, approval, recommendation or execution of the Proposed Agreement by the Special Committee;

(vi) five Business Days (the "**Response Period**") shall have elapsed from the date MHE received the notice and documentation referred to in Subsection 7.1(d)(v) from the Special Committee and, if MHE has proposed to amend the terms of the Arrangement in accordance with Subsection 7.1(e), the Special Committee shall have determined, in good faith, after consultation with its financial advisors and outside legal counsel, that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Arrangement by MHE; and

(vii) the Company concurrently terminates this Agreement pursuant to Subsection 8.2(a)(iv)(B).

(e) The Company acknowledges and agrees that, during the Response Period or such longer period as the Company through the Special Committee may approve for such purpose, MHE shall have the opportunity, but not the obligation, to propose to amend the terms of this Agreement and the Arrangement, including an increase in, or modification of, the Consideration. The Special Committee will review any proposal by MHE to amend the terms of this Agreement and the Arrangement in order to determine in good faith in the exercise of its fiduciary duties, whether MHE's proposal to amend this Agreement and the Arrangement would result in the Acquisition Proposal ceasing to be a Superior Proposal. If the Special Committee determines that the Acquisition Proposal is not a Superior Proposal compared to the proposed amendments to the terms of this Agreement and the Arrangement, it will promptly: (i) enter into an amended agreement with MHE reflecting such proposed amendments; and (ii) reaffirm its recommendation of the Arrangement by press release, provided that MHE and its respective legal counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release, recognizing that whether or not such comments are appropriate will be determined by the Special Committee, acting reasonably. Each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of this Section 7.1 and MHE shall be afforded a new Response Period in respect of each such Acquisition Proposal.

(f) Nothing in this Agreement, including Subsection 7.1(a), shall prevent the Company Board or the Special Committee from taking any action or making any disclosure prior to the Effective Time including, for greater certainty, making a Change in Recommendation, if, in the good faith judgment of the Special Committee, after consultation with outside legal counsel, failure to take such action or make such disclosure would reasonably be likely to be inconsistent with the director's exercise of its fiduciary duties or such disclosure is otherwise required under applicable Law (including by responding through a directors' circular or otherwise as required by applicable Securities Laws to an Acquisition Proposal).

(g) The Company through the Special Committee shall ensure that the Advisors are aware of the provisions of this Section 7.1 and the Company shall be responsible for any breach of this Section 7.1 by the Advisors.

(h) If the Special Committee provides MHE with the notice of a Superior Proposal contemplated by Section 7.1(e) on a date that is less than seven calendar days prior to the Company Meeting, if requested by MHE, the Company shall adjourn the Company Meeting to a date that is not less than seven calendar days and not more than 10 calendar days after the date of such notice; provided, however, that the Company Meeting shall not be adjourned or postponed to a date later than the seventh (7) calendar days prior to the Outside Date.

7.2 Access to Information; Confidentiality

(a) From the date hereof until the earlier of the Effective Time and the termination of this Agreement pursuant to its terms, subject to compliance with applicable Law and the terms of any existing Contracts, the Company and MHE shall, and shall cause their respective Representatives to, afford to the other party and to the respective Representatives of the other party such access, as the other Party may reasonably require, upon reasonable advance notice, and during regular business hours, for the purposes of facilitating integration business planning, to their officers, employees, agents, advisors, consultants, and lenders, Governmental Entities, properties, books, records and contracts, and shall furnish the other Party with all data and information relating to the aforementioned purpose, as the other Party may reasonably request.

(b) Each of the Company and MHE shall, and shall cause their respective affiliates and Representatives to maintain in confidence all information received pursuant to Section 7.2(a), except that the foregoing requirements of this Section 7.2(b) shall not apply to the extent that (i) any such information is or becomes generally available to the public other than as a result of disclosure by the receiving party or any of its affiliates or Representatives in breach of this Agreement or any other obligation of confidentiality owed to the disclosing party, (ii) any such information is required by applicable Laws or by order of any Governmental Entity to be disclosed, after prior notice has been given to the other party to the extent such notice is permitted by applicable Laws, (iii) any such information was or becomes available to the receiving party on a non-confidential basis and from a source (other than the receiving party's affiliates or Representatives) that is not bound by a confidentiality obligation with respect to such information, or (vi) any such information that is disclosed to its Representatives. Each of the Parties shall instruct its affiliates and Representatives having access to such information of such obligation of confidentiality.

7.3 Notices of Certain Events

(a) Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement pursuant to its terms and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

(i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time (provided that this paragraph (a) shall not apply in the case of any event or state of facts resulting from the actions or omissions of a Party which are required under this Agreement); or

(ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time,

provided, however, that the delivery of any notice pursuant to this Section 7.3 shall not limit or otherwise affect the remedies available hereunder to the Party delivering that notice.

(b) No Party may elect not to complete the transactions contemplated by this Agreement pursuant to the conditions set forth herein or any termination rights arising therefrom under Subsection 8.2(a)(iii)(B) or Subsection 8.2(a)(iv)(A), as the case may be, unless, prior to the Effective Date, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the earlier of the Outside Date and the expiration of a period of fifteen Business Days from such notice, if such matter has not been cured by such date.

7.4 Insurance and Indemnification

(a) From and after the Effective Time, MHE shall, and shall cause the Company to, indemnify and hold harmless, to the fullest extent permitted under applicable Law (and to also advance expenses as incurred to the fullest extent permitted under applicable Law), each present and former director or officer of the Company (each, an "**Indemnified Person**") against any costs or expenses (including reasonable legal fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, inquiry, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or related to such Indemnified Person's service as a director or officer of the Company and/or any of its subsidiaries or services performed by such persons at the request of the Company at or prior to or following the Effective Date, whether asserted or claimed prior to, at or after the Effective Date, including the approval or completion of this Agreement, the Arrangement or any of the other transactions contemplated by this Agreement or arising out of or related to this Agreement and the transactions contemplated hereby. Neither MHE nor the Company shall settle, compromise or consent to the entry of any judgment in any claim, action, suit, proceeding or investigation or threatened claim, inquiry, action, suit, proceeding or investigation involving or naming an Indemnified Person or arising out of or related to an Indemnified Person's service as a director or officer of the Company or services performed by such persons at the request of the Company at or prior to or following the Effective Date without the prior written consent (not to be unreasonably withheld or delayed) of that Indemnified Person.

(b) Prior to the Effective Date, the Company shall and, if the Company is unable to, MHE shall cause the Company as of the Effective Date to, purchase and fully pay the premium on customary "tail" policies of directors' and officers' liability insurance with terms, conditions, retentions and limits of liability that are no less advantageous to the Indemnified Person than the protection provided by the policies maintained by the Company which are in effect immediately prior to the date of this Agreement and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and MHE will, or will cause the Company, to maintain such tail policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date; provided that MHE shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further, that the cost of such policy shall not exceed 300% of the Company's current annual aggregate premium for such policies.

(c) If the Company or MHE or any of their successors or assigns shall (a) amalgamate, consolidate with or merge or wind-up into any other person and, if applicable, shall not be the continuing or surviving corporation or entity or (b) transfer all or substantially all of its properties and assets to any person or persons, then, and in each such case, proper provisions shall be made so that the successors, assigns and transferees of the Company or MHE, as the case may be, shall assume all of the obligations set forth in this Section 7.4.

(d) If any Indemnified Person makes any claim for indemnification or advancement of expenses under this Section 7.4 that is denied by the Company or MHE, and a court of competent jurisdiction determines that the Indemnified Person is entitled to such indemnification, then the Company and MHE shall pay such Indemnified Person's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against the Company or MHE.

(e) The rights of the Indemnified Persons under this Section 7.4 shall be in addition to any rights such Indemnified Persons may have under the constating documents of the Company, or under any applicable Law or under any Contract of any Indemnified Person with the Company to the extent the Contract has been disclosed to MHE. All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto in favour of any Indemnified Person as provided in the constating documents of the Company or any contract that has been made available to MHE between such Indemnified Person and Company shall survive the Effective Time and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person.

(f) MHE agrees that it shall honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of the Company to the extent that they have been disclosed to MHE, and acknowledge that such rights, to the extent that they have been disclosed to MHE, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect.

(g) The provisions of this Section 7.4 are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs, executors, administrators and legal representatives and shall be binding on the Company and its successors and assigns, and, for such purpose, the Company hereby confirms that it is acting as agent and trustee on their behalf; provided, however, that no approval of any beneficiary of such trust will be required in connection with any amendment or variation of this Section 7.4. Furthermore, this Section 7.4 shall survive the termination of this Agreement as a result of the occurrence of the Effective Date.

ARTICLE 8
TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms; provided that if the

Effective Time occurs, the agreements in Sections 2.4(c), 7.4 and 9.8 shall survive termination in accordance with their terms.

8.2 Termination

(a) This Agreement may be terminated at any time prior to the Effective Time, as provided below:

(i) by written agreement of both the Parties;

(ii) by either Party, if:

(A) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Subsection 8.2(a)(ii)(A) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date;

(B) after the date hereof, there shall exist, be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibits or enjoins a Party from consummating the Arrangement and such applicable Law or enjoinment shall have become final and non-appealable; or

(C) Company Shareholder Approval shall not have been obtained at the Company Meeting in accordance with the Interim Order;

(iii) by MHE if:

(A) prior to the Effective Time: (1) the Company Board fails to recommend or withdraws, amends, modifies or qualifies in a manner adverse to MHE its recommendation of the Arrangement, or fails to publicly reaffirm its recommendation of the Arrangement within five (5) Business Days after having been requested in writing by MHE to do so (a "**Change in Recommendation**"); (2) the Company Board shall have approved or recommended any Acquisition Proposal; or (3) the Special Committee shall have breached Section 7.1 in any material respect, unless in each such case, MHE shall have breached a covenant under this Agreement in such a manner that the Company would be entitled to terminate this Agreement in accordance with Subsections 8.2(a)(ii)(A) or 8.2(a)(iv)(A); or

(B) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the conditions set forth in Subsections 6.2(a) or 6.2(b) not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, as reasonably determined by MHE; or

(iv) by the Company, if:

(A) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of MHE set forth in this Agreement shall have occurred that would cause the conditions set forth in Subsection 6.3(a) or 6.3(b) not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by the Company;

(B) the Company wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by Subsection 7.1(c)), subject to compliance with Section 7.1 in all material respects; or

(C) MHE has not provided, or caused to be provided, to the Depositary the full aggregate amount of the Consideration to be provided by MHE pursuant to Section 2.9.

(b) The Party desiring to terminate this Agreement pursuant to this Section 8.2 (other than pursuant to Subsection 8.2(a)(i)) shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

(c) If this Agreement is terminated pursuant to this Section 8.2, this Agreement shall become void and be of no further force or effect without liability of any Party (or any shareholder or Representative of such Party) to the other Party hereto, except that the provisions of this Subsection 8.2(c) and Sections 2.4(c), 9.1, 9.2, 9.4, 9.5, 9.7, 9.8 and 9.9 and all related definitions set forth in Section 1.1 shall survive any termination hereof pursuant to Subsection 8.2(a), provided that the termination of this Agreement shall not relieve a Party or have the effect of relieving a Party from any liability as a result of any wilful and intentional breach by such Party of any of its obligations under this Agreement or as a result fraud.

8.3 Amendment

Subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Company Shareholders, and any such amendment may without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and

(d) waive compliance with or modify any mutual conditions precedent herein contained.

8.4 Waiver

Any Party may: (a) extend the time for the performance of any of the obligations or acts of any other Party where the performance of such obligations or acts is in favour of such Party; (b) waive compliance, except as provided herein, with the other Party's agreements which are in favour of such Party or the fulfilment of any conditions to its own obligations contained herein; or (c) waive inaccuracies in the other Party's representations or warranties contained herein or in any document delivered by the other Party where such representations or warranties are in favour of or made, or where such document is delivered, to such Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

ARTICLE 9
GENERAL PROVISIONS

9.1 Expenses

The Parties agree that, unless otherwise provided in this Agreement, all out-of-pocket expenses of the Arrangement, including legal fees, accounting fees, financial advisory fees, all disbursements by advisors and printing and mailing costs, shall be paid by the Party incurring such expense.

9.2 Privacy

Each Party shall comply with applicable privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual (the "**Transaction Personal Information**"). MHE shall not disclose Transaction Personal Information to any Person other than to its advisors who are evaluating and advising on the transactions contemplated by this Agreement. If MHE completes the transactions contemplated by this Agreement, MHE shall not following the Effective Date, without the consent of the individuals to whom such Transaction Personal Information relates or as permitted or required by applicable Law, use or disclose Transaction Personal Information:

(a) for purposes other than those for which such Transaction Personal Information was collected by the Company prior to the Effective Date; and

(b) which does not relate directly to the carrying on of the business of the Company or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

MHE shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure. MHE shall cause its respective Representatives to observe the terms of this Section 9.2 and to protect and safeguard Transaction Personal Information in their possession. If this Agreement shall be terminated, MHE shall promptly deliver to the Company all Transaction Personal Information that it has in its possession or in the possession of any of its Representatives, including all copies, reproductions, summaries or extracts thereof, except, unless prohibited by applicable Law, for electronic backup copies made automatically in accordance with the usual backup procedures of MHE.

9.3 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given and received on the day it is delivered, provided that it is delivered on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if notice is delivered after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day. Notice shall be sufficiently given if delivered (either in Person, by courier service or other personal method of delivery), or if transmitted by facsimile or email to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

(a) if to the Purchaser or MHE:

2 Penn Plaza, 12th Floor
New York, NY 10121
United States of America

Attention: David Stafford
Fax No.: 212.904.4299
E-mail: david.stafford@mheeducation.com

with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, Suite 6100
Toronto, Ontario M5X 1B8

Attention: Mark Trachuk
Fax No.: 416.862.6666
E-mail: mtrachuk@osler.com

(b) if to the Company:

McGraw-Hill Ryerson Limited
300 Water Street
Whitby, Ontario
L1N 9B6

Attention: David Swail
Fax No.: 905.430.5191
Email: david.swail@mheducation.com

with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, Suite 6100
Toronto, Ontario M5X 1B8

Attention: Doug Bryce
Facsimile: 416.862.6666
Email: dbryce@osler.com

- and -

to the Special Committee:

McGraw-Hill Ryerson Limited
300 Water Street
Whitby, Ontario
L1N 9B6

Attention: Susan Armstrong, Chair
Fax No.: 905.430.5191

with a copy (which shall not constitute notice) to:

Torys LLP
Suite 3000, 79 Wellington Street W.
Toronto, Ontario M5K 1N2

Attention: James Scarlett and John Emanoilidis
Facsimile: 416.865.7380
Email: jscarlett@torys.com / jemanoilidis@torys.com

9.4 Governing Law

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of Ontario and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters arising under and in relation to this Agreement and the Arrangement and waives any defences to the maintenance of an action in the Courts of the Province of Ontario.

9.5 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

9.6 Time of Essence

Time shall be of the essence in this Agreement.

9.7 Entire Agreement, Binding Effect and Assignment

This Agreement (including the exhibits and schedules hereto) constitutes the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, with respect to the subject matter hereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Parties without the prior written consent of each of the other Parties.

9.8 No Liability

No director or officer of MHE shall have any personal liability whatsoever to the Company under this Agreement, or any other document delivered in connection with the transactions contemplated by this Agreement on behalf of MHE. No director or officer of the Company shall have any personal liability whatsoever to MHE under this Agreement, or any other document delivered in connection with the transactions contemplated by this Agreement on behalf of the Company. This Section 9.8 shall survive the consummation of the Arrangement and is intended to be for the benefit of, and shall be enforceable by, each director or officer of MHE and the Company and his or her heirs, executors, administrators and personal representatives and shall be binding on MHE or the Company, as applicable, and their respective successors and assigns and, for such purpose, MHE, in the case of its directors and officers, and the Company, in the case of its officers and directors, hereby confirms that it is acting as agent and trustee on behalf of each such person; provided, however, that no approval of any beneficiary of such trust will be required in connection with any amendment or variation of this Section 9.8 prior to the Effective Date.

9.9 Third Parties

Nothing contained in this Agreement, express or implied, is intended to or shall confer on any other person, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement other than as specifically provided in Sections 2.4(c), 7.4, and 9.8.

9.10 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

9.11 Counterparts, Execution

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Company, the Purchaser and MHE have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

MCGRAW-HILL GLOBAL EDUCATION HOLDINGS LLC

By: *"Patrick Milano"*
Name: Patrick Milano
Title: Executive VP, CFO, CAO

By: *"Patrick Milano"*
Name: Patrick Milano
Title: Executive VP, CFO, CAO

2412849 ONTARIO INC.

By: *"Mark Trachuk"*
Name: Mark Trachuk
Title: Director

By:
Name:
Title:

MCGRAW-HILL RYERSON LIMITED

By: *"Susan Armstrong"*
Name: Susan Armstrong
Title: Chair, Special Committee of the Board of Directors

By: *"Manon Vennat"*
Name: Manon Vennat
Title: Director

SCHEDULE A
PLAN OF ARRANGEMENT UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**Arrangement**" means the arrangement of the Company under section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and MHE, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement made as of April 16, 2014 between MHE, 2412849 Ontario Inc. and the Company (including the Schedules thereto) as it may be amended, restated, supplemented or novated from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting by the Company Shareholders.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement to be filed with the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and content satisfactory to the Company and MHE, each acting reasonably.

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"**Company**" means McGraw-Hill Ryerson Limited, a corporation existing under the laws of the Province of Ontario.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order and applicable Law to consider the Arrangement Resolution.

"**Company Shareholders**" means the registered or beneficial holders of the Company Shares, as the context requires.

"**Company Shares**" means the common shares in the authorized capital of the Company as currently constituted.

"**Consideration**" means $50.00 in cash per Company Share.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Depositary**" means CST Trust Company or such other Person that may be appointed by the Company for the purpose of exchanging the certificates representing Company Shares for the Consideration in connection with the Arrangement.

"**Director**" means the Director appointed pursuant to section 278 of the OBCA.

"**Dissent Rights**" has the meaning specified in Section 3.1.

"**Dissenting Shareholder**" means a registered holder of Company Shares who has validly exercised its Dissent Rights in respect of the Arrangement and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such registered holder of Company Shares.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Final Order**" means the final order of the Court pursuant to Section 182 of the OBCA, in a form acceptable to the Company and MHE, each acting reasonably, approving the Arrangement, as such order may be varied by the Court (with the consent of each of the Parties acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and MHE, each acting reasonably) on appeal.

"**Governmental Entity**" means any applicable: (a) sovereign nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission (including any securities commission), instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) thereof, any taxing authority, any ministry or department or agency of any of the foregoing; (b) entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any court; (c) stock exchange, including the TSX; or (d) corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing entities established to perform a duty or function on its behalf.

"Holdco" means 2412849 Ontario Inc., a corporation existing under the laws of the Province of Ontario which is a wholly owned indirect subsidiary of MHE.

"**Interim Order**" means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to section 182(5) of the OBCA in a form acceptable to the Company and MHE, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and MHE, each acting reasonably.

"**Interested Shareholder**" means, collectively, MHE, any related party of MHE (within the meaning of MI 61-101, and subject to the exceptions set out therein), any interested party to the Arrangement (within the meaning of MI 61-101), and any Person that is a joint actor with any of the foregoing (for the purposes of MI 61-101).

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, regulations, orders, judgments, injunctions or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorizations of or from any Governmental Entity or self-regulatory authority (including the TSX), and the term "applicable" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

"**Letter of Transmittal**" means the letter of transmittal sent to Company Shareholders for use in connection with the Arrangement.

"**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"**MHE**" means McGraw-Hill Global Education Holdings, LLC, a limited liability company existing under the laws of the State of Delaware.

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators.

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as either may be promulgated or amended from time to time.

"**Person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement, and any amendments, modifications or supplements made in accordance with Section 8.3 of the Arrangement Agreement or Section 5.1

of this plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and MHE, each acting reasonably.

"**Tax Act**" means the *Income Tax Act* (Canada).

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

(1) **Interpretation Not Affected by Headings**. The division of this Plan of Arrangement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and do not affect in any way meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Plan of Arrangement.

(2) **Currency**. All references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and "$" refers to Canadian dollars.

(3) **Number and Gender**. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases, etc**. The words "including", "includes" and "include" mean "including (or includes or include) without limitation".

(5) **Statutes**. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(6) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(7) **Time References**. References to time are to local time, Toronto, Ontario.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Company, MHE and Holdco and all registered and beneficial Company Shareholders at and after, the Effective Time without any further act or formality required on the part of any Person.

2.3 Arrangement

At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

(a) the Company shall make a non-interest bearing loan to Holdco in an amount equal to the cash required to fund the payment of the aggregate Consideration by Holdco which shall include, for greater certainty, an amount per Company Share in respect of which Dissent Rights have been exercised which shall be deemed to be the Consideration per Company Share for this purpose;

(b) each Company Share held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be, and be deemed to have been, transferred, without any further act or formality, by the Dissenting Shareholder thereof, to Holdco in consideration for a debt claim against Holdco for the amount determined in accordance with Article 3, and:

   (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid the fair value for such Company Shares as set out in Section 3.1;

   (ii) such Dissenting Shareholders' names shall be removed from the register of Company Shares maintained by or on behalf of the Company; and

   (iii) Holdco shall be, and be deemed to be, the transferee of such Company Shares and shall be entered in the register of Company Shares maintained by or on behalf of the Company; and

(c) each Company Share outstanding immediately prior to the Effective Time, other than a Company Share held by an Interested Shareholder, shall be, and be deemed to have been, transferred, without any further act of formality, by the holder thereof to Holdco in exchange for a cash payment equal to the Consideration, and:

   (i) the holders of such Company Shares shall cease to be the holders thereof and to have any rights as holders of such Company Shares other than the right to be paid the Consideration per Company Share in accordance with this Plan of Arrangement;

   (ii) such holders' names shall be removed from the register of Company Shares maintained by or on behalf of the Company; and

(iii) Holdco shall be, and be deemed to be, the transferee of such Company Shares and shall be entered in the register of the Company Shares maintained by or on behalf of the Company.

ARTICLE 3
DISSENT RIGHTS

3.1 Dissent Rights

Pursuant to the Interim Order, registered Company Shareholders may exercise dissent rights with respect to the Company Shares held by such holders ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in section 185 of the OBCA, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding (i) subsection 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by the Company not later than 5:00 p.m. on the Business Day that is two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time), and (ii) subsection 185(4) of the OBCA, Holdco and not the Company shall be required to offer and pay the fair value for the Company Share held by a holder who duly exercised Dissent Rights and to pay the amount to which such holder is entitled. Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Company Shares held by them and in respect of which Dissent Rights have been validly exercised to Holdco, as provided in Section 2.3(b) and if they:

(a) ultimately determined to be entitled to be paid fair value for such Company Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(b)); (ii) will be entitled to a payment of cash by Holdco equal to the fair value of such Company Shares; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Company Shares; or

(b) ultimately determined not to be entitled, for any reason, to be paid fair value for such Company Shares, shall have participated and shall be deemed to have participated in the Arrangement, as at the Effective Time, on the same basis as a non-dissenting holder of Company Shares in accordance with Section 2.3(c), and shall receive cash consideration in respect of their Company Shares equal to the aggregate Consideration a holder of Company Shares holding such number of Company Shares would be entitled to under Section 2.3(c).

3.2 Recognition of Dissenting Holders

(a) In no circumstances shall MHE, Holdco, the Company, the Depositary, the transfer agent in respect of the Company Shares or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Company Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall MHE, Holdco, the Company, the Depositary, the transfer agent in respect of the Company Shares or any other

Person be required to recognize Dissenting Shareholders as holders of Company Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(b), and the names of such Dissenting Shareholders shall be removed from the registers of holders of Company Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(b) occurs. In addition to any other restrictions under section 185 of the OBCA, no holders of Company Shares who vote or have instructed a proxyholder to vote such Company Shares in favour of the Arrangement Resolution (but only in respect of such Company Shares) shall be entitled to exercise Dissent Rights.

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

(a) Prior to the filing of the Articles of Arrangement, Holdco shall deposit, or arrange to be deposited, for the benefit of and in trust for Company Shareholders, cash with the Depositary in the aggregate amount of the loan contemplated in Section 2.3(a) of this Plan of Arrangement, and such other amounts, if necessary, such that the aggregate amount of all such amounts deposited with the Depositary shall be equal to the payments required by this Plan of Arrangement, with the amount per Company Share in respect of which Dissent Rights have been exercised being deemed to be the Consideration per Company Share for this purpose. The cash deposited with the Depositary shall be in same day funds and held in an interest-bearing account, and any interest earned on such funds shall be for the account of Holdco. Such money shall not be used for any purpose except as provided in this Plan of Arrangement.

(b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred pursuant to Section 2.3(c), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of Company Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and as soon as practicable after the Effective Time the Depositary shall deliver to such holder, the cash which such holder has the right to receive under the Arrangement for such Company Shares (together, if applicable, with any unpaid dividends or distributions declared on the Company Shares, if any, prior to the Effective Time) less any amounts withheld pursuant to Section 4.3, and any certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of Company Shares that was not registered on register of Company Shares, the amount of cash payable for such Company Shares under the Arrangement may be delivered to the transferee if the certificate representing such Company Shares is presented to the Depository as provided above, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable Company Share transfer taxes have been paid.

(c) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Company Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Shares of any kind or nature against or in the Company or Holdco. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered and forfeited to the Company or Holdco, as applicable.

(d) The Company and Holdco will cause the Depositary, as soon as a former holder of Company Shares becomes entitled to a net cash payment in accordance with Sections 4.1(b), as applicable, to:

(i) forward or cause to be forwarded by first class mail (postage paid) to such former holder of Company Shares at the address specified by such former holder;

(ii) if requested by such former holder of Company Shares, make available at the offices of the Depositary for pick-up by such former holder; or

(iii) if such former holder of Company Shares neither specifies an address as described in Section 4.1(e)(i) nor provides a request as described in Section 4.1(e)(ii), forward or cause to be forwarded by first class mail (postage paid) to such former holder at the address of such former holder as shown on the applicable securities register maintained by or on behalf of the Company immediately prior to the Effective Time;

a cheque representing the net cash payment, if any, payable to such former holder in accordance with the provisions hereof.

(e) Any payment made by way of cheque by the Depositary (or the Company, if applicable) pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary (or the Company) or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for the Company Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Holdco or the Company, as applicable, for no consideration.

(f) No holder of Company Shares shall be entitled to receive any consideration with respect to such Company Shares other than the cash payment(s), to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty, no such holder will be entitled to receive any interest, premium or other payment in connection therewith.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will pay to such holder, in exchange for such lost, stolen or destroyed certificate, the cash which such holder has the right to receive under the Arrangement for such Company Shares, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall, at the sole discretion of MHE, give a bond satisfactory to the Company, MHE and the Depositary (acting reasonably) in such sum as MHE may direct, or otherwise indemnify MHE and the Company in a manner satisfactory to MHE and the Company, acting reasonably, against any claim that may be made against MHE or the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

Holdco, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Company Shareholders under the Plan of Arrangement such amounts as Holdco, the Company or the Depositary, as applicable, are required or reasonably believe after considering the advice of counsel to be required to deduct and withhold from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to the Plan of Arrangement, provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity in accordance with applicable Law, be treated for all purposes under the Arrangement Agreement as having been paid to the Company Shareholders in respect of which such deduction, withholding and remittance was made. Holdco, the Company and the Depositary shall be entitled to accept documentation from Shareholders which is required or which Holdco, the Company and the Depositary reasonably believe is required after considering the advice of counsel to reduce or eliminate withholding Taxes in accordance with applicable Law, including without limitation certificates or certifications of residency.

4.4 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.5 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Company Shares issued or outstanding prior to the Effective Time, (b) the rights and obligations of each of the holders of Company Shares, the Company, MHE, Holdco, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Company Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 5
AMENDMENTS

5.1 Amendments to Plan of Arrangement

(a) the Company and MHE may amend, modify and/or supplement this Plan of Arrangement in accordance with Arrangement Agreement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Company and MHE, (iii) if necessary, filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to the Company Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement made in accordance with the Arrangement Agreement may be proposed by the Company at any time prior to the Company Meeting (provided that MHE shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and MHE, and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by MHE, provided that it concerns a matter which, in the reasonable opinion of MHE, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of the former Company Shareholders.

ARTICLE 6
FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

SCHEDULE B

FORM OF ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") of McGraw-Hill Ryerson Limited (the "**Corporation**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated ●, 2014 of the Corporation accompanying the notice of this meeting and as it may be amended, modified or supplemented in accordance with the arrangement agreement dated April 16, 2014 between the Corporation, 2412849 Ontario Inc. and McGraw-Hill Global Education Holdings, LLC (as it may be amended, modified or supplemented, the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Corporation (the "**Plan of Arrangement**"), as it may be amended, modified or supplemented in accordance with its terms and the Arrangement Agreement, the full text of which is set out in Appendix ● to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and transactions contemplated thereby, (ii) actions of the directors of the Corporation in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Corporation in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified, authorized and approved.

4. The Corporation is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement.

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of common shares of the Corporation (the "**Shareholders**") or that the Arrangement has been approved by the Court, the directors of the Corporation are hereby authorized and empowered to, without further notice to or approval of the Shareholders: (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement, to the extent permitted thereby; and (ii) subject to the terms of the Arrangement Agreement, not proceed with the Arrangement and related transactions.

6. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, for filing with the Director under the OBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement and transactions contemplated thereby in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Corporation is hereby authorized and directed for an on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.