

THIRD AMENDED AND RESTATED
LOAN AGREEMENT

Dated for reference January 1, 2015

AMONG

POLLARD BANKNOTE LIMITED,
POLLARD HOLDINGS, INC.,
as Borrowers

- and -

POLLARD (U.S.) LTD.,
POLLARD GAMES, INC.,
as Guarantors

- and -

THE TORONTO-DOMINION BANK,
as Lead Arranger and Bookrunner

- and -

THE TORONTO-DOMINION BANK,
HSBC BANK CANADA,
and any other LENDER or LENDERS,
who become parties hereto
as Canadian Revolver Facility Lenders

-and-

HSBC BANK CANADA,
and any other LENDER or LENDERS,
who become parties hereto
as Canadian Term Facility Lender

-and-

THE TORONTO-DOMINION BANK,
as Canadian Agent and
Canadian Swing Line Lender

- and -

TORONTO DOMINION (NEW YORK) LLC,
HSBC BANK USA NATIONAL ASSOCIATION,
and any other LENDER or LENDERS who become parties hereto
as U.S. Revolver Facility Lenders

- and -

THE TORONTO-DOMINION BANK, NEW YORK BRANCH,
as U.S. Swing Line Lender

- and -

TORONTO DOMINION (TEXAS) LLC,
as U.S. Agent

THOMPSON DORFMAN SWEATMAN LLP
2200 - 201 Portage Avenue
Winnipeg, Manitoba
R3B 3L3

Matter No. 0123601 JAR

THIS THIRD AMENDED AND RESTATED LOAN AGREEMENT dated for reference the 1st day of January, 2015.

AMONG:

POLLARD BANKNOTE LIMITED,
POLLARD HOLDINGS, INC.,
as Borrowers

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POLLARD GAMES, INC.,
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as Lead Arranger and Bookrunner

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THE TORONTO-DOMINION BANK,
HSBC BANK CANADA,
and any other LENDER or LENDERS,
who become parties hereto
as Canadian Revolver Facility Lenders

-and-

HSBC BANK CANADA,
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who become parties hereto
as Canadian Term Facility Lender

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as Canadian Agent and
Canadian Swing Line Lender

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TORONTO DOMINION (NEW YORK) LLC,
HSBC BANK USA NATIONAL ASSOCIATION,
and any other LENDER or LENDERS who become parties hereto
as U.S. Revolver Facility Lenders

- and -

THE TORONTO-DOMINION BANK, NEW YORK BRANCH,
as U.S. Swing Line Lender

- and -

TORONTO DOMINION (TEXAS) LLC,
as U.S. Agent,

WHEREAS in connection with the reorganization (the "Reorganization") of Pollard Banknote Limited, Pollard Holdings Limited Partnership, Pollard Banknote GP Limited, Pollard (Canada) Inc. and Pollard Banknote Limited Partnership, as of the date hereof, Pollard Holdings Limited Partnership transferred all of its assets and liabilities to 9106880 Canada Ltd., and Pollard Banknote Limited Partnership transferred all of its assets and liabilities to 9106839 Canada Ltd. (collectively, the "Transfers");

AND WHEREAS pursuant to the terms of an amalgamation agreement dated the date hereof (the "Amalgamation Agreement"), Pollard Banknote Limited, Pollard Banknote GP Limited, Pollard (Canada) Inc., 9106880 Canada Ltd. and 9106839 Canada Ltd. amalgamated to form the Canadian Borrower (the "Amalgamation");

AND WHEREAS in connection with the Transfers and the Amalgamation, all of the indebtedness and obligations of Pollard Holdings Limited Partnership pursuant to the Second Amended and Restated Loan Agreement dated April 2, 2014 (the "Prior Loan Agreement") have been assumed by the Canadian Borrower;

AND WHEREAS the Lenders have agreed to provide certain credit facilities to the Borrowers on the terms and conditions set forth herein;

NOW THEREFORE this Agreement witnesses that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

ARTICLE I INTERPRETATION

1.1 Effective Date and Replacement of Agreement.

Each Borrower and Guarantor hereby acknowledges, confirms, reaffirms, ratifies and/or agrees that:

(a) this Agreement replaces the Prior Loan Agreement, and all indebtedness and every obligation of Pollard Holdings Limited Partnership thereunder, as amended by this Agreement, shall be assumed by the Canadian Borrower. For clarity, but without limiting the generality of the foregoing, the indebtedness and obligations assumed by the Canadian Borrower shall include all indebtedness and obligations of Pollard Holdings Limited Partnership under each Bankers' Acceptance with a contract maturity date occurring after the date hereof and each LIBOR Advance with an Interest Period ending after the date hereof;

(b) each Ancillary Agreement, including the Guarantees, to which it is a party is and shall remain in full force and effect and shall constitute the legal, valid and binding obligation of such Borrower or Guarantor to the Agents and the Lenders, enforceable against such Borrower or Guarantor, in accordance with its terms, notwithstanding (i) the amendment and restatement

of the Prior Loan Agreement pursuant to this Agreement or (ii) any other fact or circumstance;

(c) each representation and warranty made or deemed made under each Ancillary Agreement to which it is a party is true and correct in all material respects as of the Closing Date, except to the extent such representations and warranties (i) expressly relate to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date and (ii) are qualified as to materiality, in which case such representations and warranties are true and correct;

(d) each of the agreements, covenants and undertakings set forth in each Ancillary Agreement to which it is a party is hereby acknowledged, confirmed, reaffirmed and ratified by such Borrower or Guarantor as if it were making such agreements, covenants and undertakings on the Closing Date;

(e) no right of offset, defense, counterclaim, claim, cause of action or objection against any Agent or any Lender exists arising out of or with respect to any Ancillary Agreement to which it is a party;

(f) the security interests granted in and the Liens created by any Security Document to which it is a party, from and after the Closing Date, shall secure all Obligations of such Borrower or Guarantor, now or hereafter existing;

(g) references, if any, in each Ancillary Agreement to which it is a party to the "Loan Agreement" shall be deemed to be references to this Agreement; and

(h) the Lenders are relying on the foregoing in connection with their willingness to execute and deliver this Agreement and to perform the transactions contemplated thereby.

1.2 Defined Terms.

In this Agreement, defined terms used herein shall have the following meanings:

"Acceptance" means the creation of Bankers' Acceptances and the purchase of BA Equivalent Notes by the Canadian Lenders.

"Acceptance Date" means any Business Day fixed pursuant to Section 4.2 for an Acceptance.

"Acceptance Fee" means, with respect to each Draft drawn by the Canadian Borrower hereunder and accepted by a Canadian Lender and each BA Equivalent Note purchased by a Canadian Lender on any Acceptance Date, an amount payable in advance equal to the Bankers' Acceptance Fee Rate multiplied by the aggregate Face Amount of such Draft or BA Equivalent Note, calculated daily on the basis of the term to maturity of such Draft or BA Equivalent Note and a year of three hundred and sixty-five (365) days.

"Acceptance Notice" has the meaning specified in Section 4.2.

“Accommodation” means: (a) an Advance made by the Lenders or any one or more of them on the occasion of any Borrowing; (b) a Bankers’ Acceptance created by the BA Lenders and a BA Equivalent Note purchased by the Non-BA Lenders on the occasion of any Acceptance; (c) the issue of a Letter by a Lender on the occasion of any Issue; and (d) a Canadian Swing Line Loan or a U.S. Swing Line Loan made by the Swing Line Lender.

“Accommodation Notice” means a Canadian Borrowing Notice, a U.S. Borrowing Notice, an Acceptance Notice or an Issue Notice.

“Account” means, with respect to any Person, all accounts receivable, monies and book debts at any time owed to such Person, and all instruments, chattel paper and other documents evidencing or securing any such accounts receivable, monies or book debts.

“Advances” means advances made by the Lenders or any one or more of them under this Agreement and **“Advance”** means any one of such Advances. Advances may be denominated in Canadian Dollars (a “Canadian Dollar Advance”) or in U.S. Dollars (a “U.S. Dollar Advance”). A Canadian Dollar Advance may be designated a “Prime Rate Advance” and a U.S. Dollar Advance may be designated a “LIBOR Advance”, a “U.S. Prime Rate Advance” or a “U.S. Base Rate Advance”. Each of a LIBOR Advance, a Prime Rate Advance, a U.S. Prime Rate Advance and a U.S. Base Rate Advance is a “Type” of Advance.

“Affected Lender” has the meaning specified in Section 11.7(b).

“Affected Properties” has the meaning specified in Section 7.1(o)(i).

“Affiliate” has the meaning specified in the *Bank Act* (Canada).

“Agency Fee Agreement” means the agency fee agreement dated October 30, 2009 executed by the Canadian Borrower in favour of the Canadian Agent.

“Agent” means the Canadian Agent or the U.S. Agent as the context requires, and **“Agents”** means both of them.

“Agreement” means this loan agreement and all schedules and instruments in amendment, supplement, restatement or confirmation of it; “hereof”, “hereto” and “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other subdivision; “Article”, “Section” or other subdivision of this Agreement followed by a number refers to the specified Article, Section or other subdivision of this Agreement.

“Ancillary Agreements” means all Guarantees, Security Documents, agreements relating to Secured Hedging Transactions and other agreements, certificates and instruments delivered or given or continued pursuant to or in connection with this Agreement, including the Agency Fee Agreement, and all instruments in amendment, supplement, restatement or confirmation thereof and **“Ancillary Agreement”** means any one of such Guarantees, Security Documents, agreements, certificates or instruments.

“**Applicable Margin**” subject to Section 2.10(c), means, in respect of any Financial Quarter, the applicable percentage per annum as set forth below based on the Leverage Ratio for Pricing Purposes at the end of the most recent Financial Quarter in respect of which a Compliance Certificate has been, or was required to be, delivered:

Leverage Ratio for Pricing Purposes	Stamping Fees/Margin on B/A's & LIBOR Loans/Issue Fees for L/Gs	Margin on Prime Rate & USBR Loans	Margin on U.S. Prime Rate Loans	Commitment Fee on unused Portion of Credit Facility
>3.00 x - 3.25 x	300 basis points	150 basis points	150 basis points	75.00 basis points
>2.50 x - 3.00 x	275 basis points	125 basis points	125 basis points	68.75 basis points
>1.75 x - 2.50 x	250 basis points	100 basis points	100 basis points	62.50 basis points
>1.00 x - 1.75 x	225 basis points	75 basis points	75 basis points	56.25 basis points
≤1.00 x	175 basis points	25 basis points	25 basis points	43.75 basis points

Letters of credit will be issued at standard pricing.

Despite the foregoing, if the Maturity Date is not extended in accordance with Section 2.7 and, as a consequence, the Credit Facilities are repayable in accordance with Section 2.7, all percentages in the table above shall increase by fifty (50) basis points effective one day after the then current Maturity Date.

“**Assenting Lender**” has the meaning specified in Section 11.7(b).

“**Assignee**” has the meaning specified in Section 12.8(b).

“**Assignment Agreement**” means an Assignment Agreement referred to in Section 12.8(f), substantially in the form as set out in Schedule S.

“**Auditors**” means KPMG LLP or such other independent and nationally recognized firm of chartered accountants.

“**Authorization**” means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Entity having jurisdiction over such Person, whether or not having the force of Law.

“**BA Discount Rate**” means:

(a) for Bankers' Acceptances, Drafts or BA Equivalent Notes denominated in Canadian Dollars that are:

- (i) Bankers' Acceptances or Drafts to be purchased by Lenders that are Schedule I banks under the *Bank Act* (Canada), the average rate for Canadian Dollar Bankers' Acceptances quoted at approximately 10:00 a.m. (Toronto time) on the Reuters Screen CDOR Page "Canadian Interbank Bid BA Rates" for Banker's Acceptances of similar terms;
- (ii) BA Equivalent Notes to be purchased by Non-BA Lenders that are Schedule I banks under the *Bank Act* (Canada), the rate referred to above in sub-paragraph (a)(i) of this definition; and
- (iii) BA Equivalent Notes to be purchased by Non-BA Lenders and Bankers' Acceptances or Drafts to be purchased by Lenders that are not Schedule I banks under the *Bank Act* (Canada), the rate referred to above in sub-paragraph (a)(i) of this definition plus 10 basis points.

(b) for Bankers' Acceptances, Drafts or BA Equivalent Notes denominated in U.S. Dollars that are:

- (i) Bankers' Acceptances or Drafts to be purchased by Lenders that are Schedule I banks under the *Bank Act* (Canada), the rate quoted by such Lenders;
- (ii) BA Equivalent Notes to be purchased by Non-BA Lenders that are Schedule I banks under the *Bank Act* (Canada), the rate referred to above in sub-paragraph (b)(i) of this definition; and
- (iii) BA Equivalent Notes to be purchased by Non-BA Lenders and Bankers' Acceptances or Drafts to be purchased by Lenders that are not Schedule I banks under the *Bank Act* (Canada), the rate referred to above in sub-paragraph (b)(i) of this definition plus 10 basis points.

"BA Equivalent Note" means, at any time, a notional note issued by the Canadian Borrower in favour of any Non-BA Lender and evidenced by the account records maintained by the Canadian Agent.

"BA Lender" means each Canadian Lender which is not a Non-BA Lender.

"Bankers' Acceptance" has the meaning specified in Section 4.1 and, where the context may require "Bankers' Acceptances" includes BA Equivalent Notes.

"Bankers' Acceptance Fee Rate" means the Applicable Margin with respect to Bankers' Acceptances.

“Beneficiary” means, in respect of any Letter, the beneficiary named in such Letter.

“Borrowers” means Pollard Banknote Limited and Pollard Holdings, Inc., and **“Borrower”** means one of them as the context requires.

“Borrower’s Canadian Dollar Account” means the Canadian Dollar account maintained by a Borrower, at the bank branch of the Canadian Agent at which such account and the Canadian Agent’s Account are maintained by the Canadian Agent from time to time, the particulars of which shall have been notified by the applicable Borrower to the Canadian Agent.

“Borrower’s U.S. Dollar Account” means the U.S. Dollar account maintained by a Borrower, at the bank branch of the U.S. Agent at which such account and the U.S. Agent’s Account are maintained by the U.S. Agent from time to time, the particulars of which shall have been notified by the applicable Borrower to the U.S. Agent.

“Borrowing” means a borrowing consisting of one or more Advances.

“Buildings and Fixtures” means all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) situate on the Leasehold Real Estate or on the Real Estate or both, as the context requires.

“Business” means the businesses currently carried on by the Pollard Parties consisting of the provision of products and related services to the lottery and charitable gaming industries.

“Business Day” means any day on which the Agents and the Lenders are open for business at London, England, New York, New York, Toronto, Ontario and Winnipeg, Manitoba, as applicable, but in any event shall not include a Saturday, Sunday or statutory or legal holiday in the Province of Ontario or the Province of Manitoba.

“Business Plan” means a three (3) year business plan for the Canadian Borrower, prepared annually on a consolidated basis, which shall include a balance sheet, an income statement, a cash flow statement, a Capital Expenditures budget including assumptions, and *pro forma* financial covenant calculations, all broken down quarterly, including assumptions and all in form satisfactory to the Agents and the Majority Lenders.

“Canadian Agent” means The Toronto-Dominion Bank in its capacity as agent for the Lenders and its successors and permitted assigns.

“Canadian Agent’s Account” means such account or accounts maintained by the Canadian Agent at 77 King Street West, Toronto, Canada, in respect of a Borrower, as the Canadian Agent from time to time notifies the Borrower.

“Canadian Borrower” means Pollard Banknote Limited.

“Canadian Borrower’s Shares” means the authorized common shares of the Canadian Borrower.

“Canadian Borrowing Notice” has the meaning specified in Section 3.2(a) and is in the form attached hereto as Schedule B.

“Canadian Dollars”, “Cdn \$” and “\$” each mean lawful money of Canada.

“Canadian Facilities” means the Canadian Revolver Facility, the Canadian Term Facility and the Canadian Swing Line Facility.

“Canadian Facilities Commitment” means the Canadian Revolver Facility Commitment, the Canadian Term Facility Commitment and the Canadian Swing Line Facility Commitment.

“Canadian Lenders” means The Toronto-Dominion Bank, HSBC Bank Canada and any one or more Assignees or Replacement Lenders, their respective successors and permitted assigns as may become a party hereto in their capacities as Lenders under the Canadian Facilities Commitment and **“Canadian Lender”** means any one of the Canadian Lenders.

“Canadian Revolver Facility” means the revolving extendable term credit facility in the amount set out on Schedule A under the heading “Canadian Revolver Facility” to be made available to the Canadian Borrower.

“Canadian Revolver Facility Commitment” means the sum of the Individual Commitments of the Canadian Revolver Facility Lenders in respect of the Canadian Revolver Facility, set out in Schedule A hereto to be made available to the Canadian Borrower.

“Canadian Revolver Facility Commitment Fee” has the meaning specified in Section 2.9.

“Canadian Revolver Facility Lenders” means The Toronto-Dominion Bank, HSBC Bank Canada and any one or more Assignees or Replacement Lenders, their respective successors and permitted assigns as may become a party hereto in their capacities as lenders under the Canadian Revolver Facility and **“Canadian Revolver Facility Lender”** means any one of the Canadian Revolver Facility Lenders.

“Canadian Swing Line Facility” means the revolving facility in the amount set out in Schedule A hereto under the heading “Canadian Swing Line Facility” to be made available to the Canadian Borrower in accordance with Section 3.7.

“Canadian Swing Line Facility Commitment” means the Individual Commitment of the Canadian Swing Line Lender in respect of the Canadian Swing Line Facility as set out on Schedule A hereto.

“Canadian Swing Line Facility Commitment Fee” has the meaning specified in Section 2.9.

“Canadian Swing Line Lender” means The Toronto-Dominion Bank and any one or more Assignees or Replacement Lenders, their respective successors and permitted assigns as may become a party hereto, in their capacities as lenders under the Canadian Swing Line Facility.

“Canadian Swing Line Loan” means an Advance made by the Canadian Swing Line Lender under the Canadian Swing Line Facility pursuant to Section 3.7.

“Canadian Term Facility” means the 364-day, delayed draw, reducing, non-revolving, term credit facility in the aggregate amount set out in Schedule A under the heading “Canadian Term Facility” to be made available to the Canadian Borrower;

“Canadian Term Facility Commitment” means the sum of the Individual Commitments of the Canadian Term Facility Lenders in respect of the Canadian Term Facility, as set out on Schedule A hereto.

“Canadian Term Facility Commitment Fee” has the meaning specified in Section 2.9.

“Canadian Term Facility Lenders” means HSBC Bank Canada and any one or more Assignees or Replacement Lenders, their respective successors and permitted assigns as may become a party hereto, in their capacities as Lenders under the Canadian Term Facility and **“Canadian Term Facility Lender”** means any one of the Canadian Term Facility Lenders.

“Capital Expenditures” means, for any period with respect to any Person, the aggregate expenditures paid or payable during such period by such Person for the acquisition or improvement of fixed assets which extend the life or increase the productivity of such assets and which expenditures will be capitalized and depreciated over the estimated useful life of such assets, determined in accordance with IFRS; provided that “Capital Expenditures” shall not include routine, day-to-day maintenance of fixed assets including, without limitation, the replacement of worn out parts.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participation or other equivalents of or interests in (however designated) the equity interest (including, without limitation, common shares, preferred shares, trust units and partnership interests) of such Person and any rights (other than debt securities convertible into an equity interest), warrants or options to subscribe for or acquire an equity interest in such Person.

“Capitalized Lease Liabilities” of any Person means all monetary obligations of such Person relating to any leasing or similar arrangement which have been (or, in accordance with IFRS, should be) classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with IFRS, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

“Cash Management Agreement” means any agreement to provide cash management services, including day-light treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

“Cash Management Bank” means any Person that, at the time it enters into a Cash Management Agreement, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Cash Management Agreement.

“Cash Taxes Paid” means, for any period with respect to any Person, cash payments on account of income taxes made during such period by such Person.

“Change of Control” means any one of the following events: (a) the failure of the Canadian Borrower to own directly beneficially and of record on a fully diluted basis 100% of the outstanding Capital Stock of the U.S. Borrower free and clear of all Liens (other than Permitted Liens or Liens granted pursuant to a Loan Document); or (b) the failure of the U.S. Borrower to own directly beneficially and of record on a fully diluted basis 100% of the outstanding Capital Stock of each of PUSL and PGI free and clear of all Liens (other than Permitted Liens or Liens granted pursuant to a Loan Document).

“Claim” means any claim of any nature whatsoever, including any demand, dispute, liability, obligation, debt, action, cause of action, suit, proceeding, litigation, arbitration, judgment, order, award, assessment and reassessment.

“Closing”, “Closing Date” or “Date of Closing” means the date on which the conditions set forth in Article VI have been fulfilled or performed to the satisfaction of the Canadian Agent, the U.S. Agent and the Lenders.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” means the Property of any Borrower or Guarantor or any other person in respect of which the Lenders have or will have or are intended to have a Lien pursuant to the Security Documents.

“Commitment” means one of the Canadian Revolver Facility Commitment, the U.S. Revolver Facility Commitment, the Canadian Term Facility Commitment, the Canadian Swing Line Facility Commitment or the U.S. Swing Line Facility Commitment, as the context requires and **“Commitments”** means any one or more of them.

“Commitment Fee” means any of the Canadian Revolver Facility Commitment Fee, the Canadian Swing Line Facility Commitment Fee, the Canadian Term Facility Commitment Fee, the U.S. Revolver Facility Commitment Fee or the U.S. Swing Line Facility Committee Fee, as the context may require.

“Commodity Agreement” means any agreement for the making or taking of delivery of any commodity (including Petroleum Substances), any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreements or arrangements, or any combination thereof, entered into by either Borrower or a Guarantor where the subject matter of the same is any commodity or the price, value or amount payable

thereunder is dependent or based upon the price of any commodity or fluctuations in the price of any commodity.

“**Commodity Exchange Act**” means 7 U.S.C. Section 1 *et seq.*, as amended from time to time, and any successor statute, and any rules, regulations and orders applicable thereto.

“**Commodity Hedging Limit**” has the meaning set out in Section 9.1(b).

“**Commodity Hedging Transaction**” means a transaction pursuant to a Commodity Agreement.

“**Compliance Certificate**” means a certificate in the form of Schedule D.

“**Consent**” means, with respect to any Person, all required (contractually or otherwise) orders, permits, assignments, waivers, licences, certifications, authorizations, registrations or approvals of, or notifications to, any Person other than a Governmental Entity, whether or not having the force of Law, or any item with a similar effect as the foregoing.

“**Consolidated Current Assets**” of a Person at a particular time means the assets shown on the balance sheets of such Person and its Consolidated Subsidiaries as current assets, determined in accordance with IFRS on a consolidated basis.

“**Consolidated Current Liabilities**” of a Person at a particular time means the liabilities shown on the balance sheets of such Person and its Consolidated Subsidiaries as current liabilities, excluding the current portion of the Outstandings under the Credit Facilities (other than the Canadian Term Facility) at such time, as determined in accordance with IFRS on a consolidated basis.

“**Consolidated Depreciation and Amortization Expense**” means, for any period, with respect to any Person, depreciation, amortization and depletion charged or credited to the income statement of such Person and its Consolidated Subsidiaries for such period, determined in accordance with IFRS on a consolidated basis.

“**Consolidated Earnings**” means, for any period, with respect to any Person, Consolidated Net Income, but excluding in each case for such period any gain or loss recorded in income arising from: (a) the Disposition of capital assets, as determined in accordance with IFRS, except in respect of Dispositions made during the period of time prior to July 1, 2009; (b) any write-up or write-down of Property, as determined in accordance with IFRS; (c) the acquisition of any securities of such Person or any of its Consolidated Subsidiaries, as determined in accordance with IFRS; (d) any extraordinary item, as determined in accordance with IFRS; (e) discontinued operations, as determined in accordance with IFRS; (f) any change in previous hedge accounting transactions no longer accounted for under hedge accounting rules; or (g) items that do not have all the characteristics of extraordinary items but which result from transactions or events that are not expected to occur regularly over several years or do not typify normal business activities of such Person and its Consolidated Subsidiaries, as determined in accordance with IFRS, to the extent that any such gain or loss has been recorded in the determination of Consolidated Net Income.

“Consolidated EBITDA” means, for any period, with respect to any Person, Consolidated Earnings:

- (a) increased (to the extent such items are deducted in calculating Consolidated Earnings) by the sum of (A) Consolidated Interest Charges, (B) Consolidated Income Tax Expense, and (C) Consolidated Depreciation and Amortization Expense;
- (b) increased or decreased, as the case may be, by any unrealized foreign exchange gains or losses and any mark-to-market gains or losses on foreign currency contracts;
- (c) excluding extraordinary gains (including gains from asset sales) or losses and any add back for the long term incentive plan; and
- (d) increased by any Tresu Press related severance costs to a maximum of \$1,276,000;

based on a trailing historical four (4) quarter basis.

“Consolidated Income Tax Expense” means, for any period, with respect to any Person, the aggregate of all Taxes (including future Taxes) based on the income of such Person and its Consolidated Subsidiaries for such period, determined in accordance with IFRS on a consolidated basis.

“Consolidated Interest Charges” means, for any period, with respect to any Person, the total of all items properly classified as interest expense for such Person and its Consolidated Subsidiaries for such period, determined in accordance with IFRS, less interest that is accreted in accordance with IFRS, on a consolidated basis. For greater certainty, Consolidated Interest Charges shall include interest expense on the Canadian Term Facility and the Pollard Equities Sub Debt.

“Consolidated Long Term Debt” means, in respect of any Person, Debt obligations of such Person and its Consolidated Subsidiaries that are due and payable more than one year after issuance and which are not shown on such Person’s balance sheet as current liabilities, determined in accordance with IFRS on a consolidated basis; provided that the indebtedness under Intercompany Debt, Letters and net liabilities under all Hedging Transactions shall not be included in “Consolidated Long Term Debt” and provided that all out of money mark-to-market positions of any hedges shall be included in “Consolidated Long Term Debt”.

“Consolidated Net Income” means, for any period, with respect to any Person, the net income (loss) of such Person and its Consolidated Subsidiaries for such period, determined in accordance with IFRS on a consolidated basis.

“Consolidated Net Short Term Debt” means, in respect of any Person, Consolidated Short Term Debt of such Person and its Consolidated Subsidiaries net of cash and

cash equivalents available to such Person on an unrestricted basis, free of any escrow or cash collateral or similar arrangement, of such Person, determined in accordance with IFRS on a consolidated basis.

“Consolidated Net Tangible Assets” means total fixed assets of the Canadian Borrower on a consolidated basis not including:

- (a) for certainty, goodwill, the value of intangible assets and deferred charges; or
- (b) any financial Investment, permitted under section 8.2(h), which does not have a Permitted Rating.

“Consolidated Short Term Debt” means, in respect of any Person, Debt obligations of such Person and its Consolidated Subsidiaries that are due and payable within a year of issuance and which are shown on such Person’s balance sheet as current liabilities, determined in accordance with IFRS on a consolidated basis, provided that indebtedness under Intercompany Debt, accrued liabilities, deferred revenue, trade payables occurring in the ordinary course of business and income taxes payable shall not be included in “Consolidated Short Term Debt”. For greater certainty, “Consolidated Short Term Debt” shall include the current portion of Consolidated Long Term Debt of such Person, determined in accordance with IFRS on a consolidated basis.

“Consolidated Subsidiaries” means, in respect of any Person, Subsidiaries of such Person which are included in such Person’s consolidated financial statements, determined in accordance with IFRS.

“Consolidated Total Debt” means, in respect of any Person, the aggregate of Consolidated Long Term Debt and Consolidated Net Short Term Debt of such Person.

“Contingent Liability” means an agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable for (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Debt of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person’s obligations under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the maximum potential amount of the Debt, obligation or other liability guaranteed thereby.

“Contributing Lender” has the meaning specified in Section 3.1(b).

“Conversion Notice” has the meaning specified in Section 3.4(b).

“Corporate Distributions” means, in respect of any Person, whether or not a corporation, any form of distribution of its profits, including in each case any: (a) declaration or payment of any dividend or other direct or indirect distribution on its Capital Stock; (b) payment to purchase, redeem, retire or acquire or reduce the stated capital of any of its Capital Stock by

itself or any option, warrant or other right to acquire any such Capital Stock, or any application or setting apart of any of its Property therefor; (c) payment of any management fees or bonuses to any shareholder, director, officer, agent or employee of such Person, any relative thereof, or any affiliate of any one or more of such Persons, other than the payment of management fees and bonuses by a Borrower pursuant to employee profit sharing plans or management bonus plans existing as of the date of this Agreement; (d) payment on account of Subordinated Debt or Intercompany Debt or any indebtedness owed to any Pollard Party which is not Intercompany Debt, or any Person related to any Pollard Party or any affiliate of any one or more of such Persons or any non-arms length entity or on account of other indebtedness incurred in connection with the redemption or exchange of Capital Stock or of such indebtedness; and (e) loans made by such Person to any shareholder, director, officer, agent or employee of such Person, any relative thereof, or any affiliate of such Person or any of its Subsidiaries, not including ordinary course benefit loans to employees of such Person pursuant to the employee benefit plan of such Person.

“Credit Facilities” means the Canadian Revolver Facility, the Canadian Swing Line Facility, the Canadian Term Facility, the U.S. Revolver Facility, and the U.S. Swing Line Facility and a **“Credit Facility”** means any one of them, as the context requires.

“Cure Period” has the meaning specified in Section 10.1(d).

“Currency Exchange Protection Agreement” means any forward exchange agreement, currency swap, currency option or other similar financial agreement or arrangement designed to protect a Borrower or any of its Subsidiaries against, or manage exposure to fluctuations in, foreign currency exchange rates.

“Currency Hedging Transaction” means a transaction pursuant to a Currency Exchange Protection Agreement.

“Current Ratio” of a Person at a particular time means the ratio of Consolidated Current Assets of that Person to Consolidated Current Liabilities of that Person.

“Debt” of any Person means, without duplication: (a) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments; (b) all obligations of such Person, contingent or otherwise, relative to the face amount of all letters of credit (not including standby letters of credit obtained in connection with bidding on lottery contracts in the ordinary course of Business), whether or not drawn, and Banker’s Acceptances issued for the account of such Person; (c) Capitalized Lease Liabilities; (d) all other items which, in accordance with IFRS, would be included as liabilities on the liability side of the balance sheet of such Person as of the date at which Debt is to be determined (excluding trade payables incurred in the ordinary course of business); (e) net liabilities of such Person under all Hedging Transactions; and (f) all obligations of such Person to pay the deferred purchase price of property or services; excluding from the amounts referred to in (a) to (f) inclusive: (i) trade accounts payable in the ordinary course of business; and (ii) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales

or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse, all in accordance with IFRS.

For all purposes of this Agreement, the Debt of any Person shall: (a) include, without duplication, the Debt of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Debt provide that such Person is not liable therefor, and (b) exclude, non-trade related accounts payable, deferred revenue, future tax liabilities and accrued liabilities incurred, in each case, in the ordinary course of business.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States, Canada, or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means an event, condition or circumstance which, with the giving of notice or passage of time, or both (whether or not such notice has been given), would constitute an Event of Default.

"Defaulting Lender" has the meaning specified in Section 3.1(b).

"Designated Jurisdiction" means any country or territory to the extent that such country or territory is the subject of any Sanction.

"Disposed Property" means, for a specified period of time, the cumulative aggregate gross proceeds of all Property Disposed of by any Borrower and/or Guarantor, voluntarily or involuntarily, during such period of time.

"Disposition" means any direct or indirect sale, lease, transfer, exchange, conveyance, release, abandonment, expropriation, seizure, condemnation, forfeiture, actual or constructive total loss or agreed or compromised loss or other disposition, including by means of a Sale-Leaseback Transaction, reorganization, consolidation, amalgamation or merger or the granting of options, warrants, other rights or assets (including accounts receivables and Capital Stock of Subsidiaries) to any other Person in a single transaction or series of transactions; and **"Dispose"** and **"Disposed"** shall have meanings correlative thereto.

"Draft" means, at any time, a blank depository bill within the meaning of the *Depository Bills and Notes Act* (Canada) or a blank bill of exchange within the meaning of the *Bills of Exchange Act* (Canada) drawn by the Canadian Borrower on a Canadian Lender and bearing such distinguishing letters and numbers as such Lender may determine, but which at such time, except as otherwise provided herein, has not been completed or accepted by such Canadian Lender.

"Environment" means all components of the earth, including air (and all layers of the atmosphere), land (and all surface and subsurface soil, underground spaces and cavities

and all land submerged under water) and water (and all surface and ground water), organic and inorganic matter and living organisms, and the interacting natural systems that include components referred to above in this definition of **“Environment”**.

“Environmental Auditor” means a qualified environmental auditor at arm’s length from the Pollard Parties and acceptable to the Agent, upon direction from the Majority Lenders.

“Environmental Laws” means any and all federal, provincial, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the Environment or the release of any materials into the Environment, Hazardous Materials, air emissions and discharges to waste or public systems, and including, but not limited to, the following: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; and the Emergency Planning and Community Right to Know Act, 42 U.S.C. Section 1101 et seq.

“Environmental Liabilities and Costs” means all Losses and Claims, whether known or unknown, current or potential, past, present or future, imposed by, under or pursuant to Environmental Laws, including all Losses and Claims related to Remedial Actions and all reasonable fees, disbursements and expenses of counsel, experts, personnel and consultants, where such Losses and Claims are based on, arise out of or are otherwise in respect of: (a) the ownership or operation of the Business or any Affected Property; (b) the conditions on, under, above or about any Affected Property; (c) expenditures necessary to cause the operations of the Business or any Affected Property, to comply with any and all requirements, including expenditures necessary to effect the closure, decommissioning or rehabilitation of any of the operations of the Business or Affected Property; (d) the use, generation, manufacture, refining, treatment, transportation, storage, handling, recycling, disposal, depositing, transferring, producing or processing of Hazardous Materials; (e) liability for personal injury or property damage, including damages assessed for the maintenance of a public or private nuisance; and (f) any other matter affecting the Affected Properties within the jurisdiction of any Governmental Entity administering any Environmental Law.

“Environmental Notice” means any written claim, citation, directive, request for information, statement of claim, notice of investigation, letter or other communication from any Person given in connection with any Environmental Law.

“Environmental Permits” means all permits, certificates, approvals, registrations and licences issued by any Governmental Entity to a Pollard Party or to the Business pursuant to Environmental Laws and relating to or required for the operation of the Business or ownership of the Real Estate, Leasehold Real Estate or other Property of a Pollard Party.

“Equivalent Cdn. \$ Amount” means, on any day with respect to any amount of U.S. Dollars, the equivalent amount of Canadian Dollars determined by using the spot rate

quoted by the Agent to provide Canadian Dollars in exchange for U.S. Dollars at approximately 12:00 noon (Toronto time) on such day.

“Equivalent U.S. \$ Amount” means, on any day with respect to any amount of Canadian Dollars, the equivalent amount of U.S. Dollars determined by using the quoted spot rate quoted by the Agent to provide U.S. Dollars in exchange for Canadian Dollars at approximately 12:00 noon (Toronto time) on such day.

“ERISA” means the *Employee Retirement Income Security Act of 1974*, as amended, and any successor statute thereto, together with the rules and regulations thereunder, in each case as in effect from time to time. Reference to sections of ERISA also refer to any successor sections thereto.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that is or, within the six years preceding the date of this Agreement, has been treated as a single employer with any of the Borrowers under Section 414 of the Code or Title IV of ERISA.

“Event of Default” has the meaning specified in Section 10.1.

“Excess Cash Flow” means, in respect of any Financial Quarter, Consolidated EBITDA for that Financial Quarter less the aggregate for that Financial Quarter of all scheduled principal indebtedness repayments including, without limitation, scheduled principal payments on the Canadian Term Facility and the Pollard Equities Sub Debt (but not including other Intercompany Debt), Maintenance Capital Expenditures (to a maximum of \$3,500,000 in aggregate for any Financial Year), Capitalized Lease Liabilities, Consolidated Interest Charges, Cash Taxes Paid and Pension Deficit Installments.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant under a Loan Document by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act (determined after giving effect to Section 13.20 of this Agreement and any and all Guarantees of such Guarantor’s Swap Obligations by other Pollard Parties) at the time the Guarantee of such Guarantor, or grant by such Guarantor of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one Hedging Transaction, such exclusion shall apply to only the portion of such Swap Obligation that is attributable to Hedging Transactions for which such Guarantee or security interest is or becomes illegal.

“Extension Amendment” has the meaning specified in Section 2.7.

“Extension Request” has the meaning specified in Section 2.7.

“Face Amount” means, in respect of: (a) a Bankers’ Acceptance or BA Equivalent Note, the amount payable to the holder thereof on its maturity; and (b) a Letter, the maximum amount payable to the Beneficiary thereunder.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Fees” means any and all fees payable by a Borrower pursuant to this Agreement or any Ancillary Agreement.

“Financial Quarter” means, in relation to each Borrower and their respective Consolidated Subsidiaries, each fiscal quarter of such person for financial reporting purposes, which fiscal quarters end on March 31, June 30, September 30 and December 31 of each calendar year.

“Financial Year” means, in relation to each Borrower and their respective Consolidated Subsidiaries, the financial year commencing on January 1 of each calendar year and ending on December 31 of the same calendar year.

“Flood Hazard Property” means any Mortgaged U.S. Property that is in an area designated by the Federal Emergency Management Agency as having special flood or mudslide hazards.

“Future Material Agreement” has the meaning set out in Section 8.1(t).

“FX Hedging Limit” has the meaning set out in Section 9.1(b).

“Governmental Entity” means any: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (b) any subdivision, agent, commission, board, or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

“Governmental Licenses” means all governmental licenses, Authorizations, consents, registrations, exemptions, permits and other approvals that are necessary or desirable for the operation of the Business.

“Guarantee” means an unconditional, irrevocable, continuing joint and several guarantee executed by each Borrower and each Guarantor, of the payment and performance of all Obligations and otherwise on terms and conditions consistent with Guarantees delivered at or prior to Closing.

“Guarantors” means PUSL, PGI, and any other Person who becomes a Guarantor hereunder, including, without limitation, each Restricted Subsidiary formed after the date hereof and **“Guarantor”** means any one of the Guarantors.

“Hazardous Material” means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, oil, petroleum products, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

“Hedge Bank” means any Person that, at the time it enters into any Secured Hedging Transaction permitted hereunder, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Secured Hedging Transaction.

“Hedging Transactions” means Interest Rate Hedging Transactions, Currency Hedging Transactions and Commodity Hedging Transactions.

“IFRS” means the International Financial Reporting Standards.

“Individual Commitment” means, at any time with respect to: (a) a Lender, the amount set forth in Schedule A as the individual commitment of such Lender under the Canadian Revolver Facility and U.S. Revolver Facility; (b) the Canadian Swing Line Lender, the amount set forth in Schedule A as the commitment of the Canadian Swing Line Lender under the Canadian Swing Line Facility; (c) the U.S. Swing Line Lender, the amount set forth in Schedule A as the commitment of the U.S. Swing Line Lender under the U.S. Swing Line Facility; and (d) the Canadian Term Facility Lender, the amount set forth in Schedule A as the commitment of the Canadian Term Facility Lender under the Canadian Term Facility.

“Insurance Proceeds” means any amounts received by a Borrower or Guarantor under any policy of insurance with respect to any loss, theft, damage or destruction of any Property of any Borrower or Guarantor.

“Intercompany Charges” has the meaning set out in Section 8.2(e).

“Intercompany Debt” means any intercompany Debt between any of the Borrowers and/or any of the Guarantors.

“Interest Period” means, for each LIBOR Advance, a period which commences: (a) in the case of the initial Interest Period, on the date such Advance is made or converted from another Type of Advance or Accommodation; and (b) in the case of any subsequent Interest Period, on the last day of the immediately preceding Interest Period, and which ends, in either case, on the day selected by the applicable Borrower in the applicable Canadian Borrowing Notice, U.S. Borrowing Notice or Conversion Notice in accordance with this Agreement. The duration of each Interest Period shall be 1, 2, 3, or 6 months, unless the last day of an Interest Period would otherwise occur on a day other than a Business Day, in which case the last day of such Interest Period shall be extended to occur on the next Business Day, or if such extension

would cause the last day of such Interest Period to occur in the next calendar month, the last day of such Interest Period shall occur on the preceding Business Day.

“Interest Rate Hedging Transaction” means a transaction pursuant to an Interest Rate Protection Agreement.

“Interest Rate Protection Agreement” means any interest rate swap agreement, interest rate cap, collar or floor agreement or other similar financial agreement or arrangement designed to protect against or manage exposure to fluctuations in interest rates.

“Inventory” means, with respect to any Person, all inventory now owned or hereafter acquired by such Person as defined by IFRS.

“Investment” means any direct or indirect loan, advance or other extension of credit (including by way of guarantee) or capital contribution to any Person (including by means of transfers of cash or other property to any Person or payments for property or services for the account or use of others to any Person), purchase or acquisition of any Capital Stock, Debt or any other similar instruments issued by any Person, purchase or acquisition of Property (other than in the ordinary course of Business) or a business or undertaking, the incurrence of any Contingent Liability in respect of such Person, or expansion to or build out or renovation of personal or real property (excluding regular, day-to-day maintenance conducted in the ordinary course of Business), by any means, of every nature or kind whatsoever.

“Issue” means an issue of a Letter by an Issuing Lender pursuant to Article V.

“Issue Date” has the meaning specified in Section 5.2(a).

“Issue Fee” means, with respect to each Letter issued hereunder, an amount payable in advance equal to the Applicable Margin with respect to Letters in the Face Amount of such Letter, calculated on the basis of a term to maturity of such Letter and a year of three hundred and sixty-five (365) days.

“Issue Notice” has the meaning specified in Section 5.2(a).

“Issuing Lender” has the meaning specified in Section 5.1

“Judicial Order” has the meaning specified in Section 5.7(a).

“Laws” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, policies, guidelines, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which such word is used; and **“Law”** means any one of such Laws.

“Leasehold Real Estate” means the real estate of any Borrower or Guarantor held under a lease, agreement to lease or other right of occupation.

“**Lenders**” means, collectively, the Canadian Revolver Facility Lenders, the U.S. Revolver Facility Lenders, the Canadian Term Facility Lender, the Canadian Swing Line Lender and the U.S. Swing Line Lender and any one or more Assignees, their respective successors and permitted assigns and “**Lender**” means any one of them, as the context may require.

“**Lender/Agent Loss**” means the principal component of all indebtedness owed to the Lenders and/or the Agents under any Loan Document, together with all interest and fees, including reasonable legal fees and disbursements (on a solicitor and own client basis), and all costs incurred by the Lenders and/or Agents in connection with the preparation, revision, perfection and/or registration of the Loan Documents (and all agreements, assurances, legal opinions and documents prepared, issued and/or entered into in connection with same) and all costs incurred in connection with realization of the Security Documents and in collecting and/or enforcing the collection of indebtedness owed by the Borrowers and/or Guarantors to the Lenders and/or Agents.

“**Letter**” means a letter of guarantee or a letter of credit (each of which is a “Type” of Letter) issued or to be issued by an Issuing Lender, in each case pursuant to Article V and in such form as an Issuing Lender may from time to time approve.

“**Leverage Ratio**” means the ratio of Consolidated Total Debt of the Canadian Borrower for the most recent Financial Quarter, excluding the Pollard Equities Sub Debt, to Consolidated EBITDA of the Canadian Borrower for the four most recent Financial Quarters, based on the consolidated financial statements of the Canadian Borrower and its Consolidated Subsidiaries and calculated as set out in Section 8.3.

“**Leverage Ratio for Pricing Purposes**” means the ratio of Consolidated Total Debt of the Canadian Borrower for the most recent Financial Quarter to Consolidated EBITDA of the Canadian Borrower for the four most recent Financial Quarters, based on the consolidated financial statements of the Canadian Borrower and its Consolidated Subsidiaries and calculated as set out in Section 8.3; provided, however, that for purposes of this definition only, Consolidated Total Debt of the Canadian Borrower shall exclude all out of money mark-to-market positions of any hedges.

“**Leverage Ratio Maximum**” means 3.25x.

“**LIBOR**” means the rate of interest in the applicable currency (rounded upwards, at the applicable Agent’s option, to the next 100th of one percent) equal to the Intercontinental Exchange Group (or any successor thereto approved by the applicable Agent if the Intercontinental Exchange Group is no longer making a LIBOR rate available) LIBOR (“ICE LIBOR”) for the equivalent Interest Period as published by Reuters (or such other commercially available source providing quotations of ICE LIBOR as designated by the applicable Agent from time to time) at approximately 11:00 A.M. (London Time) two (2) London Banking Days prior to the first day of such Interest Period; provided, however, if more than one ICE LIBOR is specified, the applicable rate shall be the arithmetic mean of all such rates. If, for any reason, such rate is not available, the term LIBOR shall mean, with respect to any Interest Period, the rate of interest per annum determined by the applicable Agent to be the average rate per annum which deposits in such currency, as applicable, are offered for such Interest Period by major banks in London, England at approximately 11:00 A.M. (London time) two (2) London Banking

Days prior to the reset date. Notwithstanding the foregoing, LIBOR Advances shall be deemed to constitute eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to any Lender. LIBOR shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Percentage for each LIBOR Advance (including conversions, extensions and renewals), to a per annum interest rate determined pursuant to the following formula:

$$\text{Adjusted LIBOR Rate} = \frac{\text{LIBOR}}{1 \text{ Minus LIBOR Reserve Percentage}}$$

If the Adjusted LIBOR Rate shall be less than zero, such rate shall be deemed zero for the purposes of this Agreement.

“LIBOR Advance” means an Advance denominated in U.S. Dollars which bears interest based on the LIBOR Rate.

“LIBOR Rate” means the rate of interest per annum equal to LIBOR plus the Applicable Margin for LIBOR Advances.

“LIBOR Reserve Percentage” means for any day, that percentage (expressed as a decimal) which is in effect from time to time under applicable regulations of any Governmental Entity, including, without limitation, under Regulation D of the Board of Governors of the Federal Reserve System of the United States of America, as such Regulation may be amended from time to time or any successor Regulation, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special or marginal reserves) applicable with respect to eurocurrency liabilities as that term is defined in such Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of LIBOR Advances is determined), whether or not any Lender has any eurocurrency liabilities subject to such reserve requirement at that time.

“LIBOR Suspension Notice” has the meaning specified in Section 3.9(c).

“Lien” means, with respect to any Property, any charge, mortgage, pledge, hypothecation, security interest, lien, conditional sale (or other title retention agreement or lease in the nature thereof), lease, servitude, assignment, adverse claim, defect of title, restriction, trust, right of set-off or other encumbrance of any kind in respect of such Property (including any Lien accounted for as a Capitalized Lease Liability for purposes of a balance sheet prepared in accordance with IFRS), whether or not filed, recorded or otherwise perfected under applicable Law.

“Loan Documents” means this Agreement and the Ancillary Agreements; and **“Loan Document”** means any one of such Loan Documents.

“London Banking Days” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“Loss” means any expenses, costs, damages, judgments, penalties, fines, charges, claims, demands, liabilities, debts, interest and any and all reasonable legal fees and disbursements, on a solicitor and own client basis, but excluding consequential and indirect damages.

“Maintenance Capital Expenditures” means Capital Expenditures paid in cash and identified as on account of maintenance.

“Majority Lenders” means: (a) if there are two (2) or less Lenders, all Lenders; and (b) if there are three (3) or more Lenders, (i) at any particular time prior to termination of the Commitments, one or more Lenders whose Individual Commitments under the Credit Facilities at such time aggregate at least two-thirds of the aggregate of the Individual Commitments of all the Lenders under the Credit Facilities; and (ii) after termination of the Commitments, one or more Lenders whose Outstandings aggregate at least two-thirds of the aggregate of the Outstandings of all of the Lenders, all as of the date the Commitments are terminated. Notwithstanding anything to the contrary contained herein, for purposes of this definition, The Toronto-Dominion Bank, Toronto Dominion (New York) LLC and The Toronto-Dominion Bank, New York Branch are deemed to be one Lender and HSBC Bank Canada and HSBC Bank USA National Association are deemed to be one Lender.

“Material Adverse Effect” means a material adverse effect (or a series of adverse effects, none of which is material in and of itself but which, cumulatively, results in a material adverse effect) on: (a) the Business, operations, Property, financial condition or prospects of the Borrowers and Guarantors, measured as a whole; or (b) the ability of a Borrower to perform any of its payment obligations under this Agreement or any Ancillary Agreement to which it is a party; (c) the ability of either Agent or either Lender to enforce any of the obligations of the Borrowers or Guarantors, as the case may be, under this Agreement or any Ancillary Agreement, in each case in accordance with applicable Laws; (d) the enforceability or priority of the security interests and liens in favour of the Agent; or (e) the value of the Collateral.

“Material Agreements” has the meaning specified in Section 7.1(q).

“Maturity Date” means June 30, 2015, as such date may be extended in accordance with Section 2.7.

“Mortgaged U.S. Property” means any real Property located in the U.S. specifically mortgaged under the Security Documents.

“Multiemployer Plan” means any Plan that is or has been a “multiemployer plan” (as such term is defined in Section 3(37) or 4001(a)(3) of ERISA) and that is maintained in the United States.

“Net Debt Proceeds” means with respect to the sale or issuance by any Borrower or Guarantor to any Person of any Debt or options to purchase any such Debt, or the exercise of any such options, the excess of the gross cash proceeds received by such Borrower or Guarantor from such sale, exercise or issuance, over all reasonable and customary underwriting commissions and legal, investment banking, brokerage and accounting and other professional

fees, sales commissions and disbursements actually incurred by such Borrower or Guarantor in connection with such sale, issuance or exercise.

“Net Equity Proceeds” means with respect to the sale or issuance by any Borrower or Guarantor to any Person of any shares, trust units, partnership units or other type of equity security, or warrants or options to purchase the foregoing, or the exercise of any such warrants or options, the excess of the gross cash proceeds received by such Pollard Party from such sale, exercise or issuance, over all reasonable and customary underwriting commissions and legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements actually incurred by such Pollard Party, as applicable, in connection with such sale, issuance or exercise.

“Non-BA Lender” means: (a) a Canadian Lender which is not permitted by applicable Law or customary market practices to create a Bankers’ Acceptance for the purposes of subsequent sale, or (b) a Canadian Lender that elects to be a Non-BA Lender by providing notice of same to the Canadian Agent.

“Non-Mortgagable Collateral” has the meaning specified in Section 9.1(d).

“Notice” means any notice, citation, directive, request for information, writ, summons, statement of claim or other communication from any Person.

“Obligations” has the meaning specified in Section 9.1(a).

“Operating Cash Flows” means, for any period in respect of any Person, operating cash flows as set out in the financial statements of that Person, prepared in accordance with IFRS.

“Original Currency” has the meaning specified in Section 11.11.

“Other Currency” has the meaning specified in Section 11.11.

“Other Letter Fees” has the meaning specified in Section 5.5.

“Outstandings” means, with respect to any Canadian Lender at any time, an amount calculated in Canadian Dollars (using the Equivalent Cdn. \$ Amount for amounts outstanding denominated in U.S. Dollars) at such time equal to the sum of: (a) the aggregate principal amount of all outstanding Advances and Canadian Swing Line Loans by such Lender; (b) the aggregate Face Amount of all outstanding Bankers’ Acceptances accepted and all BA Equivalent Notes purchased by such Canadian Lender; and (c) the aggregate Face Amount of all Letters issued by such Canadian Lender; and with respect to any U.S. Lender at any time, an amount calculated in U.S. Dollars at such time equal to the sum of (d) the aggregate principal amount of all outstanding Advances and U.S. Swing Line Loans by such U.S. Lender; and (e) the aggregate Face Amount of all Letters issued by such U.S. Lender.

“Participant” has the meaning specified in Section 12.8(b).

“PBG” has the meaning specified in Section 8.1(b)(x).

“Pension Deficit Installments” means the required annual paid installments to fund the solvency deficit for the Pension Plans. For clarity, it excludes pension installments required for payment of normal pension service costs.

“Pension Plan” means any plan, program, arrangement or understanding that is a pension plan for the purposes of any applicable pension benefits or tax laws of Canada or a province or territory thereof (for greater certainty not including the Canada Pension Plan maintained by the Government of Canada), which is maintained, administered or contributed to by (or to which there is or may be an obligation to contribute by) any of the Borrowers or Guarantors in respect of any Person’s employment in Canada or a province or territory thereof, all related funding agreements and all related agreements, arrangements and understandings in respect of, or related to, any benefits to be provided thereunder.

“PEL” means Pollard Equities Limited and its successors and permitted assigns.

“Permitted Acquisitions” means an acquisition by a Borrower or any direct or indirect Subsidiary of a Borrower of a business or operating assets related to the Business located in Canada or the United States, whether by way of share purchase or asset purchase, where: (a) in the case of an acquisition of a public company, the acquisition is on a consensual and not hostile basis; (b) following such acquisition the Borrowers and the Guarantors will be in compliance with the terms of this Agreement; (c) the Majority Lenders have provided prior written consent to same, such consent not to be unreasonably withheld, provided that no consent shall be required if the acquisition has a value less than twenty percent (20%) of Consolidated Net Tangible Assets in the aggregate annually or if the acquisition is wholly financed by equity or financed by “bridge financing” which will be repaid out of equity financing arranged prior to or concurrent with such “bridge financing”; (d) the Borrowers have provided: (i) pro forma financial statements to the Agent demonstrating that, after giving effect to the acquisition, the Borrowers will be able to comply with all applicable financial covenants; and (ii) a minimum of three years of historical financial statements for the target entity; (e) in the case of an asset purchase, on or prior to closing of the acquisition, the acquiring party has provided to the Agent on behalf of the Lenders, Security Documents creating a first charge security and first perfected security interest (subject to Permitted Liens) on all Property acquired in connection with the acquisition, together with such opinions and other documents as the Agent may require, all in form and substance acceptable to the Agent and its counsel; (f) in the case of a share purchase, the acquired corporation qualifies as a Restricted Subsidiary; (g) after giving effect to the acquisition, all representations and warranties contained in this Agreement or in any Ancillary Agreements shall be true and correct as of the date of such acquisition with the same force and effect as if such representations and warranties had been made on and as of such date and the Pollard Parties and their Subsidiaries shall be in compliance with all covenants contained in the Loan Documents and no Default or Event of Default shall have occurred and be continuing; provided that, to the extent the disclosure in the representations and warranties is no longer true and correct, the Borrowers shall be entitled to update such disclosure provided if such disclosure is materially adverse it must be approved by the Lenders; and (h) on or prior to closing the acquisition, the Borrowers have provided an officers’ certificate as to compliance with the foregoing.

“Permitted Debt” means the following Debt: (a) all present and future real and personal property lease liabilities incurred in the ordinary course of the Business; (b) Purchase Money Debt incurred in the ordinary course of business in an aggregate principal amount (including capitalized interest) not exceeding \$1,000,000, on a consolidated basis; (c) the Pollard Equities Sub Debt; and (d) such other Debt of any of the Borrowers or Guarantors that is approved and consented to from time to time in advance in writing by the Agents and the Majority Lenders, in their sole and absolute discretion.

“Permitted Liens” means, with respect to any Person, any one or more of the following:

(a) Liens for Taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested at the time by the Person in good faith by proper legal proceedings if, in the Agents’ opinion, upon direction from all of the Lenders: (i) adequate security has been provided to the Lenders to ensure the payment of such Taxes, assessments and charges; or (ii) adequate reserves with respect thereto are maintained on the books of such Person, in accordance with IFRS and, in each case, such Liens will not materially interfere with use of such Property by such Person or involve any immediate danger of the sale, forfeiture or loss of such Property;

(b) Liens resulting from any judgment rendered or Claim filed against such Person which such Person shall be contesting in good faith by proper legal proceedings if, in the Agents’ opinion, upon direction from all of the Lenders: (i) adequate security has been provided to the Agents to ensure the payment of such judgment or Claim; or (ii) adequate reserves with respect thereto are maintained on the books of such Person, in accordance with IFRS; and (iii) in each case, such Liens will not materially interfere with use of such Property by such Person or involve any immediate danger of the sale, forfeiture or loss of such Property;

(c) undetermined or inchoate Liens (including, without limitation, any right of usufruct) arising in the ordinary course of business which have not at such time been filed pursuant to Law against such Person or which relate to obligations not due or delinquent;

(d) Liens affecting real property of such Person which are: (i) title defects, encroachments or irregularities of a minor nature; (ii) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including, without restriction, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other Persons; or (iii) of the nature described in Section 58(i)(h) of *The Real Property Act* (Manitoba) and, in each case, such Liens will not materially interfere with the use of such real property by such Person;

(e) the right reserved to or vested in any Governmental Entity by any statutory provision, or by the terms of any lease, licence, franchise, grant or permit of such Person, to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(f) any Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure worker's compensation, surety or appeal bonds, costs of litigation when required by Law, and public and statutory obligations;

(g) any Lien resulting from security given to a public utility or Governmental Entity when required by such utility or Governmental Entity in connection with the operation of the business of such Person;

(h) the reservations, limitations, provisos and conditions, if any, expressed in any original grants of real property from the Crown;

(i) carriers', warehousemen's, mechanics', material-men's, repairmen's or other similar Liens arising in the ordinary course of business which are not registered against title to the Collateral and are not overdue for a period of more than thirty (30) days or which are being contested at the time by the Person in good faith by proper legal proceedings if, in the Agents' opinion, upon direction from all of the Lenders: (i) adequate security has been provided to the Agents or to a court of competent jurisdiction to ensure payment of such Liens; or (ii) adequate reserves with respect thereto are maintained on the consolidated books of such Person, in accordance with IFRS; and (iii) in each case, such Liens will not materially interfere with use of such Property by the Person or involve any immediate danger of the sale, forfeiture or loss of such Property;

(j) any Lien, payment of which has been provided for by the depositing with the applicable Agent of an amount in cash, or the obtaining of a surety bond satisfactory to such Agent, upon direction from all of the Lenders, in their absolute discretion, sufficient in either case to pay or discharge such Lien and which deposit or bond such Agent is authorized to use or draw upon for that purpose;

(k) zoning and building by-laws and ordinances, municipal by-laws, provincial laws, and regulations, which do not adversely affect in any material respect the use of real property concerned in the operation of the business conducted on such real property;

(l) covenants restricting or prohibiting access to or from lands abutting on controlled access highways, which do not adversely impair in any material respect the use of the real property concerned in the operation of the business conducted on such real property;

(m) Liens securing permitted Purchase Money Debt; provided that: (i) such Liens shall extend only to the specific Property of a Borrower or Guarantor acquired with the proceeds of such Purchase Money Debt (and not any other portion of the Collateral); (ii) recourse in respect of such Liens shall be limited to such specific Property; and (iii) such liens shall not, in the aggregate in respect of all of the Borrowers and the Guarantors, exceed \$1 million or such greater amount as is from time to time approved by the Lenders;

(n) Liens in favour of the Agents or the Lenders created by the Security Documents;

(o) any contractual right of set-off in favour of a customer of any Borrower or Guarantor arising in the ordinary course of Business;

(p) Liens in favour of bonding companies in respect of Debt described in Section 8.2(e)(vii);

(q) Liens securing the Pollard Equities Sub Debt, provided that such Liens are subordinated to Liens in favour of the Agents and/or the Lenders created by the Security Documents, pursuant to an inter-creditor agreement, on terms acceptable to the Lenders; and

(r) any Liens other than the Liens described in paragraphs (a) to (q) above existing on the date hereof and disclosed in Schedule G, but not any extension or renewal of any Lien which is disclosed in Schedule G but not otherwise described in paragraphs (a) to (q) above and only to the extent that such Liens are not extended to any other Property and there is no increase in the amount secured thereby as of the date of this Agreement.

“Permitted Rating” means, with respect to any financial investment, a rating for short-term indebtedness of A (High) or better from Dominion Bond Rating Service Limited or a rating for long-term indebtedness of A (High) or better from Dominion Bond Rating Service Limited or equivalent rating from Standard & Poor’s Rating Services, a division of McGraw-Hill Companies, Inc., or Moody’s Investors Service, Inc.

“Person” means an individual, partnership (including limited partnership), corporation, limited liability company, association, trust, unincorporated association, syndicate, joint venture or other entity or Governmental Entity and pronouns having a similarly extended meaning.

“Petroleum Substances” means crude oil, crude bitumen, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur.

“PGI” means Pollard Games, Inc. and its successors and permitted assigns.

“Plan” means an “employee benefit plan” (as defined in Section 3(3) of ERISA and determined without regard to whether such plan is covered by ERISA) maintained in the United States and that is or, within the six years preceding the date of this Agreement, has been established or maintained, or to which contributions are or, within the six years preceding the date of this Agreement, have been made or required to be made, by any Pollard Party or any ERISA Affiliate or with respect to which any Pollard Party or any ERISA Affiliate may have any liability or obligation of any kind, other than a Multiemployer Plan.

“Pollard Equities Sub Debt” means the Debt, not to exceed \$6,813,000, owing to PEL by the Canadian Borrower, on terms and conditions satisfactory to the Lenders including, without limitation: (A) full subordination of the Pollard Equities Sub Debt to the Obligations pursuant to an inter-creditor agreement, on terms acceptable to the Lenders; (B) seven (7) year

term from the Closing Date, with principal payments prohibited until the later of twenty-four (24) months from the Closing Date and repayment in full and cancellation of the Canadian Term Facility; (C) commencing on the later of twenty-four (24) months from the Closing Date and repayment in full and cancellation of the Canadian Term Facility, the Canadian Borrower may make equal quarterly payments of principal to allow repayment in full of the Pollard Equities Sub Debt at the end of the seven (7) year term; (D) interest rate is not to exceed nine (9%) percent; (E) no cross default to the Credit Facilities; (F) no rights of acceleration under the Pollard Equities Sub Debt until the Credit Facilities are paid in full and cancelled; (G) no payment of principal or interest is permitted after a Default or Event of Default or if a Default or Event of Default would occur as a result of such payment; (H) indefinite standstill for realization until the Credit Facilities are paid in full and cancelled; (I) terms and conditions of the Pollard Equities Sub Debt are to be less restrictive than the Credit Facilities; and (J) unsecured or secured with ranking subsequent to the Credit Facilities.

“Pollard Parties” means each of the Borrowers and the Guarantors and any Restricted Subsidiaries formed after the date hereof, and **“Pollard Party”** means any one of them.

“Prime Rate” means, for any particular day, the variable rate of interest per annum, calculated on the basis of a year of three hundred and sixty-five (365) days, equal to the greater of: (a) the rate of interest per annum established and reported by the Agent to the Bank of Canada for such day as the variable rate of interest per annum for the determination of interest rates that the Agent charges to its customers of varying degrees of creditworthiness for Canadian Dollar loans made by it in Canada and which it refers to as its “Prime Rate”; and (b) the rate of interest per annum equal to the average one month’s Bankers’ Acceptance rates expressed as annual yield rates as quoted on Reuter Service CDOR Page determined as of 10:00 a.m. (Toronto time) on that day, plus 100 basis points per annum.

“Prime Rate Advance” means an Advance denominated in Canadian Dollars which bears interest based on the Prime Rate.

“Pro Rata Share” means at any time, with respect to a Lender and a Credit Facility, the ratio of the Individual Commitment of such Lender with respect to such Credit Facility at such time to the aggregate of the Individual Commitments of all the Lenders with respect to such Credit Facility at such time.

“Property” means, with respect to any Person, any interest of such Person in any land or property or asset of every kind, wherever situate, whether now owned or hereafter acquired, whether real or immovable, personal, movable or mixed, tangible or corporeal, intangible or incorporeal, including capital stock in any other Person.

“Purchase Money Debt” means, with respect to any Person, all obligations of such Person incurred to finance the acquisition of Property.

“PUSL” means Pollard (U.S.) Ltd. and its successors and permitted assigns.

“Qualified ECP Guarantor” means, at any time, each Pollard Party with total assets exceeding \$10,000,000 or that qualifies at such time as an “eligible contract participant”

under the Commodity Exchange Act and can cause another Person to qualify as an “eligible contract participant” at such time under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“**Rate Hedging Limit**” has the meaning set out in Section 9.1(b).

“**Real Estate**” means the real estate of any Borrower or Guarantor held in fee simple or an interest analogous to a fee simple interest as absolute owner.

“**Receiver**” means a receiver, receiver and manager or other person having similar powers or authority appointed by either Agent or by a court at the instance of either Agent in respect of the Collateral or any part thereof.

“**Release**” when used as a verb includes release, spill, leak, emit, deposit, discharge, leach, migrate, dump, issue, empty, place, seep, exhaust, abandon, bury, incinerate or dispose into the Environment and “**Release**” when used as a noun has a correlative meaning.

“**Remedial Action**” means any action, whether voluntary or compelled, that is reasonably necessary to: (a) clean up, remove, treat or in any other way deal with Hazardous Materials in the Environment; (b) prevent any Release of Hazardous Materials where such Release would violate any Environmental Laws or would endanger or threaten to endanger public health or welfare or the Environment; or (c) perform remedial studies, investigations, restoration and post-remedial studies, investigations and monitoring on, about or in connection with the Business or any of the Real Estate, Leasehold Real Estate or other Property (including the Collateral).

“**Replacement Lender**” has the meaning set out in Section 2.7(c).

“**Restricted Subsidiary**” means, with respect to any of the Borrowers or the Guarantors, any direct or indirect Subsidiary formed or acquired after the date hereof in accordance with the following: (a) a Restricted Subsidiary shall be a corporation, limited partnership or other entity formed under the laws of Canada or a province thereof or a state of the United States of America; (b) on or prior to the acquisition or formation of the Restricted Subsidiary, the Restricted Subsidiary shall provide to the applicable Agent a Guarantee and Security Documents creating first charge security on all Property of the Restricted Subsidiary, together with such opinions and other documents as such Agent and its counsel may require, all in form and substance acceptable to such Agent and its counsel; and (c) after giving effect to the formation or acquisition of the Restricted Subsidiary, all representations and warranties contained in this Agreement or in any Ancillary Agreements shall be true and correct as of the date of such formation or acquisition with the same force and effect as if such representations and warranties had been made on and as of such date and the Pollard Parties shall be in compliance with all covenants contained in the Loan Documents and no Default or Event of Default shall have occurred and be continuing; and (d) on or prior to the acquisition or formation of the Restricted Subsidiary, the Borrowers and the Guarantors shall provide an officers’ certificate to the Agents as to compliance with the foregoing.

“**Revolver Facility**” means the Canadian Revolver Facility or the U.S. Revolver Facility, as the context requires.

“Sale-Leaseback Transaction” means, with respect to any Person, any direct or indirect arrangement pursuant to which such Person or a Subsidiary of such Person transfers or causes the transfer of Property to another Person and leases it back from such Person pursuant to a capitalized lease classified and accounted for as a capital lease under IFRS.

“Sanction(s)” means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“Secured Cash Management Agreement” means any Cash Management Agreement that is entered into by and between any Pollard Party and any Cash Management Bank.

“Secured Hedging Transactions” means Hedging Transactions between a Borrower and its Subsidiaries and any one or more of the Lenders or an Affiliate of one or more of the Lenders (including any Person who was, at the time of entering into a Hedging Transaction, a Lender) included in Obligations.

“Security Documents” means those agreements and other documents in favour of the Agent for the benefit of the Agent and the Lenders, as the case may be, described in Schedule O, as such documents may be amended, restated or supplemented from time to time, and any other agreement or instrument which may from time to time be held by the Agent for the benefit of the Agent and the Lenders, as the case may be, as security for all or any portion of the Obligations.

“Subordinated Debt” means any Debt that is subordinated and postponed, to the satisfaction of the Agents and the Lenders, to the Obligations including, without limitation, the Pollard Equities Sub Debt.

“Subsidiary” means, at any time, as to any Person, any corporation or other Person, if at such time the first-mentioned Person owns, directly or indirectly, securities or other ownership interests in such corporation or other Person, having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such corporation or other Person or has the power to determine the policies and conduct of the management of such corporation or other Person and for greater certainty includes a Subsidiary of a Subsidiary.

“Substance” means any substance, waste, liquid, gaseous or solid matter, fuel, micro-organism, sound, vibration, ray, heat, odour, radiation, energy vector, plasma, and organic or inorganic matter.

“Swap Obligation” means with respect to any Guarantor any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swing Line Lender” means The Toronto-Dominion Bank, in its capacity as the Canadian Swing Line Lender, its successors and permitted assigns and/or The

Toronto-Dominion Bank, New York Branch in its capacity as U.S. Swing Line Lender, its successors and permitted assigns, as applicable.

“Swing Line Lender’s Account” means such account or accounts maintained by the Swing Line Lender at the bank branch of the Swing Line Lender, the particulars of which shall have been notified to the applicable Borrower by the Swing Line Lender.

“Taxes” means all taxes imposed by any Governmental Entity, including income, profits, real property, personal property, goods and services, sales, transfer, purchase, stumpage, registration, capital, excise, import duties, payroll, unemployment, disability, employee’s income withholding, social security or withholding.

“Term Conversion Date” means the earlier of: (i) the completion of the installation of the Tresu Press; and (ii) June 30, 2015.

“Total Debt Service Coverage Ratio” means the ratio (a) over (b) where (a) equals Consolidated EBITDA less Unfunded Capital Expenditures less consolidated Cash Taxes Paid and (b) equals the amount of scheduled principal indebtedness repaid including, without limitation, principal indebtedness repaid on the Canadian Term Facility and the Pollard Equities Sub Debt (but excluding other Intercompany Debt) plus consolidated capital lease payments plus Consolidated Interest Charges plus Pension Deficit Installments plus distributions paid to unitholders of the Canadian Borrower for the four most recent Financial Quarters, calculated: (i) based on the consolidated financial statements of the Canadian Borrower; (ii) as set out in Section 8.3; and (iii) based on a trailing historical 4 quarter basis. Principal and interest include payments on all Lender debt and exclude, for greater certainty, payments on Intercompany Debt.

“Total Outstandings” means, at any time:

(a) with respect to the Canadian Revolver Facility, the aggregate amount in Canadian Dollars of all Outstandings thereunder at such time, calculated by reference to the Equivalent Cdn. \$ Amount, in the case of Outstandings in U.S. Dollars;

(b) with respect to the Canadian Swing Line Facility, means the aggregate amount in Canadian Dollars of all Canadian Swing Line Loans at such time calculated by reference to the Equivalent Cdn. \$ Amount, in the case of Outstandings in U.S. Dollars;

(c) with respect to the Canadian Term Facility, means the aggregate amount in Canadian Dollars of all Outstandings thereunder at such time, calculated by reference to the Equivalent Cdn. \$ Amount, in the case of Outstandings in U.S. Dollars;

(d) with respect to the U.S. Revolver Facility, means the aggregate amount in U.S. Dollars of all Outstandings thereunder at such time;

(e) with respect to the U.S. Swing Line Facility, means the aggregate amount in U.S. Dollars of all U.S. Swing Line Loans at such time; and

(f) with respect to the Credit Facilities, the aggregate of the Total Outstandings under the Credit Facilities, with the Total Outstandings being calculated by reference to the Equivalent Cdn. \$ Amount, in the case of any Outstandings in U.S. Dollars.

“Tresu Press” means the 22 station printing press (including imager) being purchased by the Borrowers.

“Unfunded Capital Expenditures” means, for any period with respect to any Person, the lesser of:

(a) Capital Expenditures financed through Operating Cash Flows of such Person less the proceeds of new equity and additional Debt and the aggregate amount of undrawn availability under the Credit Facilities; and

(b) Capital Expenditures financed through Operating Cash Flows of such Person less the amount of capital dispositions made by such Person.

“U.S. Agent” means Toronto Dominion (Texas) LLC in its capacity as agent for the Lenders and its successors and permitted assigns.

“U.S. Agent’s Account” means such account or accounts maintained by the U.S. Agent at 77 King Street West, Toronto, Canada, in favour of the U.S. Agent in respect of the U.S. Revolver Facility Commitment and the U.S. Swing Line Facility.

“U.S. Base Rate” means, for any particular day, the sum of: (a) the greater of (i) the variable rate of interest per annum, established and announced by the Agent in Toronto for such day as the reference rate of interest per annum for the determination of interest rates that the Agent charges to its customers of varying degrees of creditworthiness for U.S. Dollar loans made by it in Canada; (ii) the variable rate of interest per annum, equal to the weighted average rates on overnight federal funds transactions with members of the Federal Reserve System arranged by Federal Funds Brokers as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York plus 1.00% per annum; and (iii) the LIBOR Rate plus 1.00% per annum; and (b) the Applicable Margin for U.S. Base Rate Advances.

“U.S. Base Rate Advance” means an Advance denominated in U.S. Dollars bearing interest based on the U.S. Base Rate.

“U.S. Borrower” means Pollard Holdings, Inc.

“U.S. Borrowing Notice” has the meaning specified in Section 3.2(b) and is in the form attached hereto as Schedule B.

“U.S. Dollars” and **“U.S. \$”** means lawful money of the United States of America.

“U.S. Facilities” means the U.S. Revolver Facility and the U.S. Swing Line Facility.

“U.S. Lenders” means Toronto Dominion (New York) LLC, The Toronto-Dominion Bank, New York Branch, HSBC Bank USA National Association and any one or more Assignees and their respective successors and permitted assigns as may become a party hereto in their capacities as Lenders under the U.S. Facilities and **“U.S. Lender”** means any one of the U.S. Lenders.

“U.S. Prime Rate” means, at any time, the sum of (a) the greater of: (i) the rate of interest then most recently established by The Toronto-Dominion Bank, New York Branch as its base rate for U.S. dollars loaned in the United States and (ii) the variable rate of interest per annum, equal to the weighted average rates on overnight federal funds transactions with members of the Federal Reserve System arranged by Federal Funds Brokers as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York plus 0.50% per annum, and (b) the Applicable Margin for U.S. Prime Rate Advances. The U.S. Prime Rate is not necessarily intended to be the lowest rate of interest determined by the U.S. Agent in connection with extensions of credit.

“U.S. Prime Rate Advance” means an Advance denominated in U.S. Dollars bearing interest based on the U.S. Prime Rate.

“U.S. Revolver Facility” means the revolving extendable term credit facilities in the amounts set out in Schedule A under the heading “U.S. Revolver Facility”.

“U.S. Revolver Facility Commitment” means the sum of the Individual Commitments of the U.S. Revolver Facility Lenders in respect of the U.S. Revolver Facility, set out in Schedule A hereto to be made available to the U.S. Borrower.

“U.S. Revolver Facility Commitment Fee” has the meaning ascribed to it in Section 2.9.

“U.S. Revolver Facility Lenders” means Toronto Dominion (New York) LLC, HSBC Bank USA National Association and any one or more Assignees or Replacement Lenders, their respective successors and permitted assigns as may become a party hereto, in their capacities as Lenders under the U.S. Revolver Facility and **“U.S. Revolver Facility Lender”** means any one of the U.S. Revolver Facility Lenders.

“U.S. Swing Line Facility” means the revolving facility set out in Schedule A hereto under the heading “U.S. Swing Line Facility”.

“U.S. Swing Line Facility Commitment” means the Individual Commitment of The Toronto-Dominion Bank, New York Branch in respect of the U.S. Swing Line Facility as set out on Schedule A hereto.

“U.S. Swing Line Facility Commitment Fee” has the meaning ascribed to it in Section 2.9.

“U.S. Swing Line Lender” means The Toronto-Dominion Bank, New York Branch and any one or more Assignees or Replacement Lenders, their respective successors and permitted assigns as may become a party hereto in their capacities as lenders under the U.S. Swing Line Facility.

“U.S. Swing Line Loan” means an Advance made by the U.S. Swing Line Lender under the U.S. Swing Line Facility pursuant to Section 3.8.

“Welfare Plan” means a “welfare plan”, as such term is defined in Section 3(1) of ERISA and determined without regard to whether such plan is covered by ERISA, that is maintained in the United States and for which any Pollard Party or any ERISA Affiliate has any obligation or liability.

1.3 Interpretation.

This Agreement shall be interpreted in accordance with the following:

(a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;

(b) headings are inserted for convenience only and shall not affect the interpretation of this Agreement, any Ancillary Agreements or any provisions hereof or thereof;

(c) references to dollars, unless otherwise specifically indicated, shall be references to Canadian Dollars;

(d) the word “including” shall mean “including without limitation” and “includes” shall mean “includes without limitation”;

(e) the expressions “the aggregate”, “the total”, “the sum” and expressions of similar meaning shall mean “the aggregate (or total or sum) without duplication”;

(f) in the computation of periods of time, unless otherwise expressly provided, the word “from” means “from and including” and the words “to” and “until” mean “to but excluding”;

(g) the expression “at arm’s length” shall have the meaning ascribed thereto for the purpose of the *Income Tax Act* (Canada); and

(h) accounting terms not specifically defined shall be construed in accordance with IFRS. Except as otherwise mandated by changes in IFRS from time to time, the financial statements required to be delivered pursuant to this Agreement shall be prepared, and all calculations made for the purposes of this Agreement shall be made, unless otherwise provided for herein, by the application of IFRS applied on a basis consistent with the most recent audited financial statements previously delivered to the Agents. In the event of any change in accounting

policies or practices used by the Borrowers, including any change resulting from a change in IFRS made after the Closing Date, which, in any material respect, changes, or results in a change in the method of calculation of, or has an impact on, any financial covenant, financial ratio, term or provision applicable to a Pollard Party, as determined by the Lenders acting reasonably, the Borrowers and the Agents (with the approval of the Lenders) will negotiate in good faith to revise (if applicable) such financial covenant, financial ratio, term or provision. If the Borrowers and the Agents are unable to agree upon revisions to such financial covenant, financial ratio, term or provision, the Borrowers shall continue to provide financial statements, certificates and other information required under this Agreement in accordance with IFRS as at the Closing Date and all financial covenants, financial ratios, terms and provisions shall be applied, calculated and interpreted in accordance with IFRS as at the Closing Date.

1.4 Ancillary Agreements.

The provisions of Section 1.3 shall apply to the interpretation of the Ancillary Agreements unless specifically otherwise indicated.

1.5 Severability.

If any provision of this Agreement or any Ancillary Agreement is, or becomes, illegal, invalid or unenforceable, such provision shall be severed from this Agreement or such Ancillary Agreement and be ineffective to the extent of such illegality, invalidity or unenforceability. The remaining provisions hereof or thereof shall be unaffected by such provision and shall continue to be valid and enforceable.

1.6 Entire Agreement.

This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties relating to the subject matter hereof and entered into prior to the date of this Agreement.

1.7 Waiver.

No failure on the part of the Canadian Agent, the U.S. Agent or any of the Lenders to exercise, and no delay in exercising, any right under this Agreement or any Ancillary Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Agreement or any Ancillary Agreement preclude any other or further exercise thereof or the exercise of any other right; nor shall any waiver of one provision be deemed to constitute a waiver of any other provision (whether or not similar). No notice to or demand on any Borrower or Guarantor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver of any of the provisions of this Agreement or any Ancillary Agreement shall be effective unless it is in writing duly executed by the waiving party.

1.8 Governing Law.

(a) This Agreement and, unless otherwise provided therein, each Ancillary Agreement, shall be governed by, and interpreted in accordance with, the Laws of the Province of Manitoba and the Laws of Canada applicable therein, without giving effect to any conflicts of law rules thereof, except to the extent that (i) the creation, validity or perfection of any lien or security interest, or remedies related thereto, in any of the Collateral are required to be governed by the laws of another jurisdiction, or (ii) any of the Ancillary Agreements contain a choice of law provision expressly designating that the laws of another jurisdiction shall be applicable.

(b) The parties hereby irrevocably attorn and submit to the non-exclusive jurisdiction of the courts of Manitoba with respect to any matter arising under or related to this Agreement, and unless otherwise provided therein, any Ancillary Agreement.

1.9 Incorporation of Schedules.

The following schedules attached shall, for all purposes hereof, be incorporated in and form an integral part of this Agreement:

Schedule A	-	Individual Commitments
Schedule B	-	Notice of Request for Advance
Schedule B1	-	Conversion Notice
Schedule C	-	Intentionally Deleted
Schedule D	-	Compliance Certificate
Schedule E	-	Subsidiaries and Locations of Collateral
Schedule F	-	Litigation
Schedule G	-	Permitted Liens
Schedule H	-	Intentionally Deleted
Schedule I	-	Intentionally Deleted
Schedule J	-	Real Estate
Schedule K	-	Environmental Matters
Schedule L	-	Material Agreements
Schedule M	-	Intentionally Deleted
Schedule N	-	Addresses for Notice
Schedule O	-	Security Documents
Schedule P	-	Authorized and Issued Capital
Schedule Q	-	Intentionally Deleted
Schedule R	-	Intentionally Deleted
Schedule S	-	Assignment Agreement
Schedule T	-	Intentionally Deleted
Schedule U	-	Intentionally Deleted
Schedule V	-	Canadian Repayment Notice
Schedule W	-	U.S. Repayment Notice

1.10 Conflicts.

If a conflict or inconsistency exists between a provision of this Agreement and a provision of any of the other Loan Documents or any part thereof, then the provisions of this Agreement shall prevail. Notwithstanding the foregoing, if there is any right or remedy of the Canadian Agent, the U.S. Agent or any of the Lenders set out in any of the other Loan Documents or any part thereof which is not set out or provided for in this Agreement, such additional right or remedy shall not constitute a conflict or inconsistency.

ARTICLE II CREDIT FACILITIES

2.1 Credit Facilities.

(a) Each of the Canadian Revolver Facility Lenders severally agrees, on the terms and conditions of this Agreement, to make available to the Canadian Borrower its Pro Rata Share of the Canadian Revolver Facility by making such Accommodations to the Canadian Borrower as may be requested by the Canadian Borrower thereunder from time to time in accordance with this Agreement.

(b) Each of the U.S. Revolver Facility Lenders severally agrees, on the terms and conditions of this Agreement, to make available to the U.S. Borrower its Pro Rata Share of the U.S. Revolver Facility by making such Accommodations to the U.S. Borrower as may be requested by the U.S. Borrower thereunder from time to time in accordance with this Agreement.

(c) The Canadian Term Facility Lender agrees, on the terms and conditions of this Agreement, to make available to the Canadian Borrower the Canadian Term Facility by making such Accommodations to the Canadian Borrower as may be requested by the Canadian Borrower thereunder from time to time in accordance with this Agreement.

(d) The Canadian Swing Line Lender agrees, on the terms and conditions set out in Section 3.7 of this Agreement, to make Canadian Swing Line Loans available to the Canadian Borrower.

(e) The U.S. Swing Line Lender agrees, on the terms and conditions set out in Section 3.8 of this Agreement, to make U.S. Swing Line Loans available to the U.S. Borrower.

2.2 Commitments and Facility Limits.

Revolver Facilities.

(a) The Canadian Borrower shall at all times cause the Total Outstandings under the Canadian Revolver Facility to be no greater than the Canadian Revolver Facility Commitment, and the Outstandings in respect of any Canadian Revolver Facility Lender under the Canadian Revolver Facility to be no greater than the Individual Commitment of such Canadian Revolver Facility Lender under the Canadian Revolver Facility.

(b) All or any portion of the Canadian Revolver Facility which is not utilized by the Canadian Borrower on the Closing may be utilized from time to time thereafter on the terms and conditions of this Agreement. Except to the extent the Canadian Revolver Facility Commitment is permanently reduced in accordance with this Agreement, the Canadian Revolver Facility shall revolve until the Maturity Date and no payment under the Canadian Revolver Facility shall, of itself, reduce the Canadian Revolver Facility Commitment until the Maturity Date, at which time all undrawn amounts shall be cancelled and all subsequent payments under the Canadian Revolver Facility shall reduce the Canadian Revolver Facility Commitment. All or any portion of the Canadian Revolver Facility Commitment may be cancelled by the Canadian Borrower at any time by written notice from the Canadian Borrower to the Canadian Agent in accordance with Section 2.8.

(c) Upon any reduction of the Canadian Revolver Facility Commitment, the Individual Commitment of each Canadian Revolver Facility Lender with respect to the Canadian Revolver Facility shall thereupon be reduced by an amount equal to such Canadian Revolver Facility Lender's Pro Rata Share of the amount of such reduction of the Canadian Revolver Facility Commitment.

(d) The U.S. Borrower shall at all times cause the Total Outstandings under the U.S. Revolver Facility to be no greater than the U.S. Revolver Facility Commitment, and the Outstandings in respect of any U.S. Revolver Facility Lender under the U.S. Revolver Facility to be no greater than the Individual Commitment of such U.S. Revolver Facility Lender under the U.S. Revolver Facility.

(e) All or any portion of the U.S. Revolver Facility which is not utilized by the U.S. Borrower on the Closing may be utilized from time to time thereafter on the terms and conditions of this Agreement. Except to the extent the U.S. Revolver Facility Commitment is permanently reduced in accordance with this Agreement, the U.S. Revolver Facility shall revolve until the Maturity Date and no payment under the U.S. Revolver Facility shall, of itself, reduce the U.S. Revolver Facility Commitment until the Maturity Date, at which time all undrawn amounts shall be cancelled and all subsequent payments under the U.S. Revolver Facility shall reduce the U.S. Revolver Facility Commitment. All or any portion of the U.S. Revolver Facility Commitment may be cancelled by the U.S. Borrower at any time by written notice from the U.S. Borrower to the U.S. Agent in accordance with Section 2.8.

(f) Upon any reduction of the U.S. Revolver Facility Commitment, the Individual Commitment of each U.S. Revolver Facility Lender with respect to the U.S. Revolver Facility shall thereupon be reduced by an amount equal to such U.S. Revolver Facility Lender's Pro Rata Share of the amount of such reduction of the U.S. Revolver Facility Commitment.

Canadian Term Facility

(g) The Borrower shall at all times cause the Total Outstandings under the Canadian Term Facility to be no greater than the Canadian Term Facility Commitment.

(h) No amounts under the Canadian Term Facility will be advanced until the Pollard Equities Sub Debt has been drawn in full. Subject to the foregoing, all or any portion of the Canadian Term Facility may be drawn by the Canadian Borrower until January 31, 2015, on the terms and conditions of this Agreement, with any undrawn amounts to be cancelled thereafter.

(i) The Canadian Term Facility Commitment shall be permanently reduced by the amount of each scheduled reduction of the Canadian Term Facility Commitment made pursuant to Section 2.5, each additional mandatory reduction of the Canadian Term Facility Commitment made pursuant to Section 2.6.

Swing Line Facilities

(j) The Canadian Borrower shall at all times cause the Total Outstandings under the Canadian Swing Line Facility to be no greater than the Canadian Swing Line Facility Commitment.

(k) The U.S. Borrower shall at all times cause the Total Outstandings under the U.S. Swing Line Facility to be no greater than the U. S. Swing Line Facility Commitment.

2.3 Available Accommodations.

(a) Each of the Canadian Revolver Facility Lenders shall, on the terms and conditions of this Agreement, make its Pro Rata Share of the following Accommodations available under the Canadian Revolver Facility as follows:

- (i) Prime Rate Advances denominated in Canadian Dollars, U.S. Base Rate Advances denominated in U.S. Dollars and LIBOR Advances denominated in U.S. Dollars on the occasion of any Borrowing;
- (ii) Bankers' Acceptances denominated in Canadian Dollars on the occasion of any Acceptance.

(b) Each of the U.S. Revolver Facility Lenders shall, on the terms and conditions of this Agreement, make its Pro Rata Share of the following Accommodations available under the U.S. Revolver Facility:

- (i) U.S. Prime Rate Advances denominated in U.S. Dollars and LIBOR Advances denominated in U.S. Dollars on the occasion of any Borrowing.

(c) The Canadian Term Facility Lender shall, on the terms and conditions of this Agreement, make the following Accommodations available under the Canadian Term Facility as follows:

- (i) Prime Rate Advances denominated in Canadian Dollars on the occasion of any Borrowing;
- (ii) Bankers' Acceptances denominated in Canadian Dollars on the occasion of any Acceptance.

(d) The Canadian Swing Line Lender shall, on the terms and conditions of this Agreement, make the following Accommodations available under the Canadian Swing Line Facility:

- (i) Prime Rate Advances (denominated in Canadian Dollars), U.S. Base Rate Advances (denominated in U.S. Dollars) and LIBOR Advances (denominated in U.S. Dollars) on the occasion of any Borrowing;
- (ii) Bankers' Acceptances denominated in Canadian Dollars or U.S. Dollars, if available, on the occasion of any Acceptance;
- (iii) Letters denominated in Canadian Dollars or U.S. Dollars or other freely traded currencies as approved by The Toronto-Dominion Bank.

(e) The U.S. Swing Line Lender shall, on the terms and conditions of this Agreement, make the following Accommodations available under the U.S. Swing Line Facility:

- (i) U.S. Prime Rate Advances (denominated in U.S. Dollars) and LIBOR Advances (denominated in U.S. Dollars);
- (ii) Letters denominated in U.S. Dollars.

(f) All Advances, Canadian Swing Line Loans, U.S. Swing Line Loans, Bankers' Acceptances and Letters requested hereunder shall be made available to the Borrower in accordance with Article III, Article IV and Article V, as applicable.

2.4 Use of Proceeds.

The Borrowers shall use the proceeds of Accommodations under the Canadian Facilities (excluding the Canadian Term Facility) and U.S. Facilities, as applicable, for general corporate and operating purposes, to finance Capital Expenditures and Permitted Acquisitions and to refinance existing credit facilities. The Borrowers shall use the proceeds of the Accommodations under Canadian Term Facility to assist, together with the Pollard Equities Sub Debt, in the financing of the purchase and installation of the Tresu Press (and related matters), on the terms set out herein. No proceeds of Accommodations will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, Federal Reserve System Board Regulation U, Regulation X or Regulation T. Terms for which meanings are provided in Federal Reserve System Board Regulation U, Regulation X or Regulation T or

any regulations substituted therefore, as from time to time in effect, are used in this Section with such meanings.

2.5 Repayment of Credit Facilities.

Unless demand is earlier made pursuant to Section 10.1 and subject to the mandatory prepayments and repayments provided for in Section 2.6: (a) the Borrowers shall repay, and there shall become due and payable on the date that is one (1) year after the Maturity Date, the Total Outstandings under each of the Credit Facilities and all accrued and unpaid interest thereon; and (b) on the Term Conversion Date, the Canadian Borrower shall commence repaying the Total Outstandings under the Canadian Term Facility in consecutive quarterly principal instalments of \$300,750, plus interest, commencing on the Term Conversion Date and on the first Business Day of every third month thereafter (and the Canadian Term Facility Commitment shall permanently reduce on each such day by each such amount) until the Maturity Date, and the balance of the Canadian Term Facility Commitment, plus interest, shall be repaid by the Canadian Borrower on the date that is one (1) year after the Maturity Date.

2.6 Mandatory Prepayments.

(a) If, on any day, the Total Outstandings under the Canadian Revolver Facility exceeds the Canadian Revolver Facility Commitment, the Canadian Borrower shall on that day:

- (i) prepay Borrowings; or
- (ii) make a payment to the Canadian Agent and irrevocably authorize and direct the Canadian Agent to apply such payment as a prepayment of the Borrower's reimbursement obligation in respect of any Acceptance or Issue, on the next contract maturity date; or
- (iii) make both a prepayment referred to in clause (i) and a payment referred to in clause (ii),

in all cases so that the Total Outstandings under the Canadian Revolver Facility after the prepayment referred to in clause (i), and less the amount of any payments held by the Canadian Agent pursuant to clause (ii), will not exceed the Canadian Revolver Facility Commitment.

(b) If, on any day, the Total Outstandings under the U.S. Revolver Facility exceeds the U.S. Revolver Facility Commitment, the U.S. Borrower shall on that day:

- (i) prepay Borrowings; or
- (ii) make a payment to the U.S. Agent and irrevocably authorize and direct the U.S. Agent to apply such payment as a prepayment of the Borrower's

reimbursement obligation in respect of any Issue, on the next contract maturity date; or

- (iii) make both a prepayment referred to in clause (i) and a payment referred to in clause (ii),

in all cases so that the Total Outstandings under the U.S. Revolver Facility after the prepayment referred to in clause (i), and less the amount of any payments held by the U.S. Agent pursuant to clause (ii), will not exceed the U.S. Revolver Facility Commitment.

(c) If, on any day, the Total Outstandings under the Canadian Term Facility exceed the Canadian Term Facility Commitment, the Canadian Borrower shall on that day:

- (i) prepay Borrowings; or
- (ii) make a payment to the Canadian Agent and irrevocably authorize and direct the Canadian Agent to apply such payment as a prepayment of the Borrower's reimbursement obligation in respect of any Acceptance or Issue, on the next contract maturity date; or
- (iii) make both a prepayment referred to in clause (i) and a payment referred to in clause (ii),

in all cases so that the Total Outstandings under the Canadian Term Facility after the prepayment referred to in clause (i), and less the amount of any payments held by the Canadian Agent pursuant to clause (ii), will not exceed the Canadian Term Facility Commitment.

(d) If, on any date, the Total Outstandings of all Canadian Swing Line Loans and Letters made by the Canadian Swing Line Lender exceed the Canadian Swing Line Facility Commitment, the Canadian Borrower shall on that day repay Canadian Swing Line Loans so that the Total Outstandings of all Canadian Swing Line Loans and Letters made by the Canadian Swing Line Lender will not exceed the Canadian Swing Line Facility Commitment.

(e) If, on any date, the Total Outstandings of all U.S. Swing Line Loans and Letters made by the U.S. Swing Line Lender exceed the U.S. Swing Line Facility Commitment, the U.S. Borrower shall on that day repay U.S. Swing Line Loans so that the Total Outstandings of all U.S. Swing Line Loans and Letters made by the U.S. Swing Line Lender will not exceed the U.S. Swing Line Facility Commitment.

(f) In addition to all other mandatory repayment obligations provided for in this Agreement, if one or more of the Borrowers or Guarantors proposes to Dispose of Property outside of the ordinary course of business:

- (i) in a single transaction and the proceeds from the Disposition of the Property pursuant to such transaction, net of reasonable transaction costs, would exceed \$500,000 (the amount of such Disposition being the “Disposed Amount”); or
- (ii) in multiple transactions and the aggregate proceeds from the Dispositions of the Property pursuant to such transactions, net of reasonable transaction costs, exceed \$500,000 in a trailing twelve (12) month period (the aggregate amount of such Dispositions being the “Disposed Amount”);

the Borrowers shall provide the Agents with prior written notice of any Disposition of Property which satisfies the requirements of Section 2.6(f)(i) or (ii). If such a Disposition is made and such Borrower(s) or Guarantor(s) does not re-invest the Disposed Amount in similar Property within one hundred and fifty (150) days of the date of Disposition, or last Disposition in the case of subsection 2.6(f)(ii), the Borrowers shall, as a permanent reduction of the Canadian Revolver Facility Commitment and the U.S. Revolver Facility Commitment, on a proportionate basis, make a repayment to the Canadian Agent in an amount equal to the Disposed Amount. Each such mandatory repayment shall be paid to the Canadian Agent immediately after the expiry of such one hundred and fifty (150) day period. Such repayment and permanent reduction shall be applied by the Canadian Agent (in the manner set out above) to each of the applicable Commitments in such amounts as will result in a pro rata decrease in such Commitments.

(g) In addition to all other mandatory repayment obligations provided for in this Agreement, if one or more of the Borrowers or the Guarantors proposes to issue Debt (net of reasonable transaction costs) (the “Issued Amount”) to other than a Borrower or a Guarantor, the Borrowers shall, as a permanent reduction of all Commitments, on a proportionate basis, make a repayment to the Canadian Agent in an amount equal to the Issued Amount. Each such mandatory repayment shall be paid to the Canadian Agent immediately after such issuance. Such repayment and permanent reduction shall be applied by the Canadian Agent to each of the Commitments in such amounts as will result in a pro rata decrease in such Commitments.

(h) In addition to all other mandatory repayment obligations provided for in this Agreement, on any date of receipt by any Borrower or any Guarantor of Net Equity Proceeds from a public offering or private placement subsequent to the date hereof, the Borrowers shall, as a permanent reduction of all Commitments, on a proportionate basis, make a repayment to the Canadian Agent in an amount equal to the Net Equity Proceeds. Each such mandatory repayment shall be paid to the Canadian Agent immediately after receipt of such Net Equity Proceeds. Such repayment and permanent reduction shall be applied by the Canadian Agent to each of the Commitments in such amounts as will result in a pro rata decrease in such Commitments.

(i) In addition to all other mandatory repayment obligations provided for in this Agreement, if one or more Borrowers or Guarantors (or either Agent on their behalf) receives aggregate Insurance Proceeds exceeding \$500,000 in a trailing 12 month period, not including insurance proceeds received in the ordinary course of business (the “Net Insurance Proceeds”), the Borrowers shall provide the Agents with prior written notice of any Net Insurance Proceeds. If such Net Insurance Proceeds are received and such Borrower(s) and/or Guarantor(s) do not

reinvest the Net Insurance Proceeds in similar Property to which the Net Insurance Proceeds relate within one hundred and fifty (150) days of receipt of the Net Insurance Proceeds, the Borrowers shall, as a permanent reduction of all Commitments, on a proportionate basis, make a repayment to the Canadian Agent in an amount equal to the Net Insurance Proceeds. Each such mandatory repayment shall be paid to the Canadian Agent immediately after the expiry of such one hundred and fifty (150) day period. Such repayment and permanent reduction shall be applied by the Canadian Agent to each of the Commitments in such amounts as will result in a pro rata decrease in such Commitments.

(j) In addition to all other mandatory repayment obligations provided for in this Agreement, as of the end of each Financial Quarter, if the Leverage Ratio is equal to or greater than 2.85x, the Borrowers, within fifteen (15) days of the end of the periods described in Sections 8.1(a) (i) and (ii), as a permanent reduction of the Canadian Revolver Facility Commitment, shall make a repayment to the Agents in an amount equal to 50% of the Excess Cash Flow, if any, of the Canadian Borrower for the most recent Financial Quarter.

(k) Any amounts repaid by the Borrowers under Sections 2.6(e) to (j) shall not be available to be reborrowed and on the date of any such repayment, the Commitments shall automatically be reduced on a pro rata basis by the amount of such repayment.

(l) Without limiting the foregoing, if and each time Total Outstandings under a Credit Facility exceed 105% of the Commitment as a result of foreign exchange fluctuations, the applicable Borrower shall notify the applicable Agent immediately and the Borrowers shall repay to the Lenders such outstanding Advances as may be required to ensure that such excess is eliminated within five (5) Business Days. Such repayment shall be applied by such Lenders to the applicable Credit Facility in such amounts as will result in a pro rata decrease in the Outstandings owed to each Lender thereunder.

(m) If a repayment is required by any of sections 2.6(f), (g), (h), (i) or (j) to the extent the Pollard Party referred to therein is a Borrower, it shall invest such Disposed Amount, Issued Amount, Net Equity Proceeds, Net Insurance Proceeds, or other funds, as the case may be, directly or indirectly in the other Borrower, as necessary, for the purpose of funding the repayments required thereby.

2.7 Extension of Maturity Date.

(a) The Borrowers may request, by written request given to the Agents (the "Extension Request"), no earlier than one hundred and twenty (120) days nor later than ninety (90) days prior to the initial Maturity Date, or, if the initial Maturity Date is extended, no earlier than one hundred and twenty (120) days nor later than ninety (90) days prior to the then current Maturity Date, that this Agreement be amended to extend the Maturity Date to the date that is three hundred and sixty-four (364) days following the then current Maturity Date in each case on the terms and conditions satisfactory to the Agents and each of the Lenders, in their sole and absolute discretion, including terms relating to mandatory repayments of Outstandings under the Credit Facilities and extension fees (the "Extension Amendment"). The Agents and the Lenders may accept or reject the request made by the Borrowers for an Extension Amendment, in their

sole and absolute discretion. Each Lender shall notify the applicable Agent as to whether or not it consents to the Extension Amendment within forty-five (45) days following receipt of the Extension Request and all financial information required by the Lenders in connection with the Extension Request. If any Lender does not provide such notice within such forty-five (45) day period, such Lender shall be deemed not to have consented to the Extension Amendment. As soon as practicable, following the expiry of such forty-five (45) day period, the Agents shall give written notice to the Borrowers and the Lenders advising as to whether or not all of the Lenders have consented to the Extension Amendment.

(b) If all of the Lenders have consented to the Extension Amendment, the then current Maturity Date shall be extended in accordance with the Extension Request.

(c) If any of the Lenders have not consented to the Extension Request, then all undrawn amounts shall be cancelled effective the then current Maturity Date and shall remain cancelled unless the Replacement Lender(s) (as hereafter defined) assume(s) the non-extending Lender(s) Individual Commitments (subject to any Accommodation Notice provided before such date, under which, subject to the terms of this Agreement, the Lenders must make an Accommodation). The Borrowers shall be entitled to replace on or before the then current Maturity Date such non-extending Lender(s), acting reasonably, with another third party lender or lenders acceptable to the Borrowers and the extending Lender(s) (the "Replacement Lender") or with one or more extending Lenders, with the consent of such extending Lender(s), and the provisions of Section 11.7(b) shall apply *mutatis mutandis*, provided that a commitment is obtained from a Replacement Lender or from such extending Lender(s) at least thirty (30) days before the then current Maturity Date.

(d) If the Borrowers are not successful in obtaining the commitment of a Replacement Lender or an extending Lender within the required time period, then, in the absence of alternative arrangements that are satisfactory in all respects to the Lenders, the then current Maturity Date shall not be extended as requested and the Credit Facilities shall remain due and payable on the date which is one (1) year after the then current Maturity Date. If (but only if) the Borrowers are successful in obtaining the commitment of a Replacement Lender or an extending lender within the required time period, then the non-extending Lender(s) will be repaid in full on or before the then current Maturity Date. Despite the foregoing, nothing herein shall be construed to prevent the Lenders from accelerating payment if an Event of Default occurs.

(e) Nothing contained in this Section 2.7 derogates from the rights of the Lenders under Section 12.8.

2.8 Optional Reductions.

Revolver Facility.

(a) Each Borrower may, subject to the provisions of this Agreement, prepay the Total Outstandings under the applicable Revolver Facility, at any time, or reduce the Commitment under the applicable Revolver Facility, and, if applicable, prepay Total Outstandings pursuant to such reduction, at any time in each case in whole or in part, without penalty or premium but

subject, where applicable, to unwinding or redeployment costs relating to the prepayment of LIBOR Advances to be charged for the account of the Borrowers, upon: (i) at least three (3) Business Days' notice (but not more than five (5) Business Days' notice) to the applicable Agent in the case of a prepayment; (ii) at least ten (10) days' notice to the applicable Agent in the case of a reduction of the Commitment under a Revolver Facility (each such notice a "Repayment Notice"). Each Repayment Notice shall be in substantially the form of Schedule V or Schedule W hereto, as applicable, and shall specify (A) the proposed date of such prepayment or reduction, and (B) the aggregate principal amount of the prepayment or reduction, and, if such Repayment Notice is given, the Borrowers shall: (C) pay to the applicable Agent in accordance with such Repayment Notice the amount of the prepayment or the amount, if any, by which the Total Outstandings under the applicable Revolver Facility exceed the proposed reduced total of the Commitment under the applicable Revolver Facility; and (D) pay to the applicable Agent all interest on the amount of such prepayment or excess amount accrued to the date of such prepayment or reduction.

(b) Each partial prepayment or reduction made by a Borrower under a Revolver Facility shall be in a minimum aggregate principal amount of \$500,000 and in an integral multiple of \$100,000, in the case of Prime Rate Advances or other Accommodations denominated in Canadian Dollars, and in a minimum aggregate principal amount of U.S. \$500,000 and in an integral multiple of U.S. \$100,000, in the case of U.S. Base Rate Advances or U.S. Prime Rate Advances or other Accommodations denominated in U.S. Dollars. No voluntary prepayment under a Revolver Facility, which has not been made in connection with a reduction of the Commitment for the Revolver Facility, shall reduce the Commitment for such Revolver Facility or the ability of the Borrowers to reborrow such amounts under the Revolver Facility.

(c) The Borrowers may not pursuant to this Section prepay: (i) a LIBOR Advance, except on the last day of the Interest Period applicable thereto unless the Borrowers shall have also paid any unwinding or redeployment costs in respect of such LIBOR Advance in accordance with Section 11.10 at the time of such prepayment; or (ii) the amount of any Acceptance, except on the contract maturity date for the relevant Bankers' Acceptance or BA Equivalent Note.

2.9 Commitment Fees.

(a) The Canadian Borrower shall pay to the Canadian Agent, for the benefit of the Canadian Revolver Facility Lenders, a commitment fee (the "Canadian Revolver Facility Commitment Fee") equal to the Applicable Margin for the Canadian Revolver Facility Commitment Fee, calculated on the basis of a year of three hundred and sixty-five (365) days, on the average daily difference between the Canadian Revolver Facility Commitment and the Total Outstandings under the Canadian Revolver Facility. The Canadian Revolver Facility Commitment Fee shall be calculated daily in Canadian Dollars and payable in Canadian Dollars quarterly in arrears on the 3rd Business Day following each Financial Quarter end so long as such Commitment shall be undrawn.

(b) The Canadian Borrower shall pay to the Canadian Swing Line Lender, for the benefit of the Canadian Swing Line Lender, a commitment fee (the "Canadian Swing Line

Facility Commitment Fee”) equal to the Applicable Margin for the Canadian Swing Line Facility Commitment Fee, calculated on the basis of a year of three hundred and sixty-five (365) days, on the average daily difference between the Canadian Swing Line Facility Commitment and the Total Outstandings under the Canadian Swing Line Facility. The Canadian Swing Line Facility Commitment Fee shall be calculated daily in Canadian Dollars and payable in Canadian Dollars quarterly in arrears on the 3rd Business Day following each Financial Quarter end so long as such Commitment shall be undrawn.

(c) The U.S. Borrower shall pay to the U.S. Agent, for the benefit of the U.S. Revolver Facility Lenders, a commitment fee (the “U.S. Revolver Facility Commitment Fee”) equal to the Applicable Margin for the U.S. Revolver Facility Commitment Fee, calculated on the basis of a year of three hundred and sixty-five (365) days, on the average daily difference between the U.S. Revolver Facility Commitment and the Total Outstandings under the U.S. Revolver Facility. The U.S. Revolver Facility Commitment Fee shall be calculated daily in U.S. Dollars and payable in U.S. Dollars quarterly in arrears on the 3rd Business Day following each Financial Quarter end so long as such Commitment shall be undrawn.

(d) The U.S. Borrower shall pay to the U.S. Swing Line Lender, for the benefit of the U.S. Swing Line Lender, a commitment fee (the “U.S. Swing Line Facility Commitment Fee”) equal to the Applicable Margin for the U.S. Swing Line Facility Commitment Fee, calculated on the basis of a year of three hundred and sixty-five (365) days, on the average daily difference between the U.S. Swing Line Facility Commitment and the Total Outstandings under the U.S. Swing Line Facility. The U.S. Swing Line Facility Commitment Fee shall be calculated daily in U.S. Dollars and payable in U.S. Dollars quarterly in arrears on the 3rd Business Day following each Financial Quarter end so long as such Commitment shall be undrawn.

(e) The Canadian Borrower shall pay to the Agent, for the benefit of the Canadian Term Facility Lender, a commitment fee (the “Canadian Term Facility Commitment Fee”) equal to the Applicable Margin for the Canadian Term Facility Commitment Fee, calculated on the basis of a year of three hundred and sixty-five (365) days, on the average daily difference between the Canadian Term Facility Commitment and the Total Outstandings under the Canadian Term Facility. The Canadian Term Facility Commitment Fee shall be calculated daily in Canadian Dollars and payable in Canadian Dollars quarterly in arrears on the 3rd Business Day following each Financial Quarter end so long as such Commitment shall be undrawn.

Commitment Fees shall accrue from the Closing Date.

2.10 Evidence of Debt and Determination of Interest Rates and Fees.

(a) The indebtedness of the Borrowers in respect of all Accommodations hereunder shall be evidenced by the account records maintained by the applicable Agent or Swing Line Lender, as the case may be, which shall be *prima facie* evidence of such indebtedness for all purposes absent manifest error. The failure of the applicable Agent or the Swing Line Lender, as the case may be, to record correctly any amount or date shall not, however, affect the obligation of the Borrowers to pay amounts due hereunder to such Agent or any of the Lenders in accordance with this Agreement.

(b) Wherever the determination of any interest rate or fee payable pursuant to this Agreement may by its terms be dependent upon a financial ratio, such ratio shall, subject to the balance of this Section 2.10, be based upon the ratio as set forth in the Compliance Certificate delivered to the applicable Agent for the most recently completed Financial Quarter for which a Compliance Certificate has been delivered. The application by the applicable Agent or the Swing Line Lender of such ratio in the calculation of any such interest rate or fee shall not, however, affect the obligation of the Borrowers to pay amounts of interest or fees due hereunder to the Lenders on the basis of the actual ratio determined in accordance with the terms of this Agreement in the event the ratio set forth in a Compliance Certificate is incorrect. Any resulting increase or reduction in pricing (the "Adjusted Pricing") on Accommodations will be effective on the first day of the Financial Quarter (the "Pricing Adjustment Date") immediately following the delivery of such Compliance Certificate. For greater certainty, the parties hereto agree that any Bankers' Acceptances or BA Equivalent Notes outstanding on a Pricing Adjustment Date shall be unaffected by any increase or decrease to pricing made on such Pricing Adjustment Date and that the Adjusted Pricing will only apply to Bankers' Acceptances accepted or BA Equivalent Notes purchased on or after the Pricing Adjustment Date.

(c) If a Borrower fails to deliver a Compliance Certificate to the applicable Agent when due, then, from and after such due date, in respect of the determination of any interest rate or fee payable by such Borrower pursuant to this Agreement that is dependent on the calculation of a financial ratio which would otherwise be the subject of such Compliance Certificate, the financial ratio which will be determinative of such interest rate or fee will be deemed to be the financial ratio which results in the highest interest rate or fee payable under the definition of "Applicable Margin" in all cases until the Compliance Certificate is delivered to the Agent, following which the financial ratio *prima facie* evidenced thereby shall thereafter be determinative of interest rates or fees payable by the Borrower pursuant to this Agreement effective on the Pricing Adjustment Date referred to in Section 2.10(b).

(d) For purposes of the *Interest Act* (Canada): (i) whenever any interest or fee under this Agreement is calculated using a rate based on a period of time other than a calendar year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on such period of time multiplied by (y) the actual number of days in the calendar year in which the period for which such interest or fee is calculated ends, and divided by (z) the number of days in such period of time; (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

ARTICLE III LOAN ADVANCES AND SWING LINE LOANS

3.1 The Advances.

(a) Each of the Canadian Revolver Facility Lenders severally agrees, on the terms and conditions of this Agreement, to make Advances to the Canadian Borrower under the Canadian Revolver Facility, each of the U.S. Revolver Facility Lenders severally agrees, on the

terms and conditions of this Agreement, to make Advances to the U.S. Borrower under the U.S. Revolver Facility, from time to time, on any Business Day and the Canadian Term Facility Lender agrees, on the terms and conditions of this Agreement, to make Advances to the Canadian Borrower under the Canadian Term Facility, from time to time, on any Business Day. Each Canadian Revolver Facility Lender or U.S. Revolver Facility Lender, as the case may be, shall make available to the applicable Agent its Pro Rata Share of the principal amount of each Advance under the Canadian Revolver Facility or the U.S. Revolver Facility, in the appropriate currency, prior to 1:00 p.m. (Toronto time) on the date of the Advance. Unless the applicable Agent has been notified by a Lender at least 2 Business Days prior to the date of the Advance that such Lender will not make available to the Agent its Pro Rata Share of such Advance, the Agent may assume that each Lender will make such portion of the Advance available to the Agent on the date of the Advance in accordance with the provisions hereof and the Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If the Agent has made such assumption, to the extent any Lender shall not have so made its Pro Rata Share of the Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand, such Lender's Pro Rata Share of the Advance and all reasonable costs and expenses incurred by the Agent in connection therewith, together with interest thereon at the rate payable hereunder by the applicable Borrower in respect of such Advance for each day from the date such amount is made available to the applicable Borrower until the date such amount is paid or repaid to the Agent; provided, however, that notwithstanding such obligation, if such Lender fails so to pay, such Borrower shall repay such amount to the Agent forthwith after demand therefor by the Agent together with interest thereon at the rate payable hereunder by the applicable Borrower in respect of such Advance for each day from the date such amount is made available to the applicable Borrower until the date such amount is paid or repaid to the applicable Agent. The amount payable by each Lender to the applicable Agent pursuant to this Section shall be set forth in a certificate delivered by the Agent to such Lender and the applicable Borrower (which certificate shall contain reasonable details of how the amount payable is calculated) and shall constitute *prima facie* evidence of such amount payable. In the case of an issue of Bankers' Acceptances, the Agent will round allocations amongst the Lenders to ensure that each Bankers' Acceptance issued has a face amount which is a whole number multiple of \$100,000 (and such rounded allocations shall constitute the Lenders' respective Pro Rata Shares for the purposes of this Agreement). If such Lender makes the payment to such Agent required herein, the amount so paid shall constitute such Lender's Pro Rata Share of the Advance for purposes of this Agreement and shall entitle the Lender to all rights and remedies against the applicable Borrower in respect of such Advance. The failure of any Lender to make available to the applicable Agent its Pro Rata Share of an Advance shall not relieve any other Lender of its obligation hereunder to make available to the applicable Agent its Pro Rata Share of the Advance on the date thereof. Any Advance by the applicable Agent in excess of the amounts made available to the Agent by the Lenders shall not be construed as an increase in any Individual Commitment of the Agent in its capacity as a Lender. The obligations of the Agent under this Section 3.1 shall be limited to taking such steps as are commercially reasonable to implement the procedures described in this Section 3.1 and the Agent shall not be liable for any losses or expenses which may be incurred or suffered by any Pollard Party and occasioned by the failure or delay of funds to reach the designated destination.

(b) If any Lender fails to make available to the applicable Agent its Pro Rata Share of any Advance as required (the "Defaulting Lender") and such Agent has not made the Advance to

a Borrower pursuant to Section 3.1(a), such Agent shall forthwith give notice of such failure by the Defaulting Lender to such Borrower and the other Lenders and such notice shall state that any Lender may make available to such Agent all or any portion of the Defaulting Lender's Pro Rata Share of such Advance (but in no way shall any other Lender or the Agent be obliged to do so) in the place of the Defaulting Lender. If more than one Lender gives notice that it is prepared to make funds available in the place of a Defaulting Lender in such circumstances and the aggregate of the funds which such Lenders (collectively, the "Contributing Lenders" and, individually, the "Contributing Lender") are prepared to make available exceeds the amount of the Advance which the Defaulting Lender failed to make, then each Contributing Lender shall be deemed to have given notice that it is prepared to make available a portion determined by the applicable Agent in its sole discretion, of such Advance. If any Contributing Lender makes funds available in the place of a Defaulting Lender in such circumstances, then: (i) the Defaulting Lender shall pay to the applicable Agent for the benefit of any Contributing Lender making the funds available in its place, forthwith on demand, any amount advanced on its behalf, together with interest thereon at the rate payable hereunder by the applicable Borrower in respect of such Advance for each day from the date of Advance to the date of payment, against payment by the Contributing Lender making the funds available of all interest received in respect of the Advance from such Borrower; and (ii) the applicable Borrower shall pay all amounts owing by such Borrower to the Defaulting Lender hereunder to the applicable Agent for the benefit of the Contributing Lenders until such time as the Defaulting Lender pays to the Agent for the benefit of the Contributing Lenders all amounts advanced by the Contributing Lenders on behalf of the Defaulting Lender. Any Advance by a Contributing Lender making funds available in the place of a Defaulting Lender shall not be construed as an increase in the Individual Commitment of the Contributing Lender.

(c) Each Borrowing shall consist of one or more Type of Advance made to the applicable Borrower on the same day. Each Type of Advance shall be in the aggregate minimum amount and in an integral multiple of the amount set forth below:

- (i) a Prime Rate Advance or a U.S. Prime Rate Advance shall be in an aggregate amount not less than \$100,000 and in an integral multiple of \$5,000;
- (ii) a U.S. Base Rate Advance shall be in an aggregate amount not less than U.S.\$100,000 and in an integral multiple of U.S.\$5,000;
- (iii) a LIBOR Advance shall be in an aggregate amount not less than U.S.\$500,000 and in an integral multiple of U.S.\$100,000, with terms no greater than six (6) months.

(d) Until repaid in full or converted in accordance with this Agreement, each Advance shall be: (i) the Type of Advance specified in the applicable Borrowing Notice or Conversion Notice; or (ii) if no Borrowing Notice or Conversion Notice is applicable, a Prime Rate Advance.

3.2 Procedure for Borrowing.

(a) Each Borrowing under the Canadian Revolver Facility or the Canadian Term Facility shall be made on notice (a "Canadian Borrowing Notice") given by the Canadian Borrower to the Canadian Agent not later than 10:00 a.m. (Toronto time), in the case of: (i) a Prime Rate Advance or a U.S. Base Rate Advance, at least two (2) Business Days but not more than five (5) Business Days prior to the date of the proposed Borrowing; and (ii) a LIBOR Advance, at least three (3) Business Days but not more than five (5) Business Days prior to the date of the proposed Borrowing, which Borrowing Notice shall be irrevocable and binding on the Borrower. Each Borrowing Notice shall be in substantially the form of Schedule B and shall specify: (i) the requested date of such Borrowing; (ii) the Type or Types of Advance comprising such Borrowing; (iii) the aggregate amount of such Borrowing; and (iv) in the case of a LIBOR Advance, the initial Interest Period applicable to such Advance. Subject to the terms and conditions of this Agreement, the Canadian Agent will make such funds available to the Canadian Borrower in immediately available funds by crediting or causing the crediting of the applicable Borrower's Canadian Dollar Account or the applicable Borrower's U.S. Dollar Account, as applicable.

(b) Each Borrowing under the U.S. Revolver Facility shall be made on notice (a "U.S. Borrowing Notice") given by the U.S. Borrower to the U.S. Agent not later than 10:00 a.m. (New York time), in the case of: (i) a Prime Rate Advance or a U.S. Prime Rate Advance, at least two (2) Business Days but not more than five (5) Business Days prior to the date of the proposed Borrowing; and (ii) a LIBOR Advance, at least three (3) Business Days and not more than five (5) Business Days prior to the date of the proposed Borrowing, which Borrowing Notice shall be irrevocable and binding on the U.S. Borrower. Each U.S. Borrowing Notice shall be in substantially the form of Schedule B and shall specify: (i) the requested date of such Borrowing; (ii) the Type or Types of Advance comprising such Borrowing; (iii) the aggregate amount of such Borrowing; and (iv) in the case of a LIBOR Advance, the initial Interest Period applicable to such Advance. Subject to the terms and conditions of this Agreement, the U.S. Agent will make such funds available to the U.S. Borrower in immediately available funds by crediting or causing the crediting of the Borrower's U.S. Dollar Account.

(c) The Borrowers shall not, in any Canadian Borrowing Notice or U.S. Borrowing Notice, select an Interest Period which ends after the date that is one (1) year after the Maturity Date or which conflicts with the definition of Interest Period specified in Section 1.2 or with the repayments provided for in Section 2.5 or 2.6.

3.3 Interest on Advances.

(a) Each Advance shall bear interest at the rate applicable to such Type of Advance determined in accordance with this Section: (i) in the case of a Prime Rate Advance or U.S. Base Rate Advance, from the date such Advance is made or converted from another Type of Advance or Accommodation to the date on which such Advance is repaid in full or is converted to another Type of Advance or Accommodation in accordance with this Agreement; and (ii) in the case of a LIBOR Advance, from the first day of the applicable Interest Period to the last day of such Interest Period. Subject to Section 11.3, each Advance shall bear interest, and such interest shall be calculated and payable, in the following manner:

- (i) Prime Rate Advances. A Prime Rate Advance shall bear interest at a rate per annum equal at all times to the Prime Rate in effect from time to time plus the Applicable Margin. Such interest shall be calculated (but not compounded) daily and payable monthly in arrears on the 3rd Business Day of each month following the month for which such interest is payable and on the Maturity Date.
- (ii) U.S. Base Rate Advances. A U.S. Base Rate Advance shall bear interest at a rate per annum equal at all times to the U.S. Base Rate in effect from time to time. Such interest shall be calculated (but not compounded) daily and payable monthly in arrears on the 3rd Business Day of each month following the month for which such interest is payable and on the Maturity Date.
- (iii) U.S. Prime Rate Advances. U.S. Prime Rate Advances shall bear interest at a rate per annum equal at all times to the U.S. Prime Rate in effect from time to time. Such interest shall be calculated (but not compounded) daily and payable in arrears on the 3rd Business Day of each month following the month for which such interest is payable and on the Maturity Date.
- (iv) LIBOR Advances. A LIBOR Advance shall bear interest at a rate per annum equal, at all times during each Interest Period for such LIBOR Advance, to the LIBOR Rate for such Interest Period. Such interest shall be calculated (but not compounded) daily and payable: (A) on the last day of each three month period in each Interest Period and on the last day of each Interest Period; and (B) on the date such LIBOR Advance becomes due and payable in full.

(b) With each announced change in any of the variable rates of interest (which shall not include LIBOR or Bankers' Acceptance discount rates) used as a component for determining any rate of interest payable under this Agreement, there shall be a corresponding change in the applicable rate of interest payable under this Agreement based on the change in such variable rate, all without necessity of prior notice thereof to the Borrowers or to any other Person. For greater certainty, Applicable Margins change in accordance with Section 2.10.

3.4 Conversions and Elections Regarding Types of Advances and Interest Rates

(a) Advances may be converted, subject to the provisions of this Agreement, from time to time from one Type to another, at the election of a Borrower, (subject to the requirement that the Type of Advance to which a Borrower wishes to convert is an Accommodation available to such Borrower hereunder), or automatically in accordance with the provisions of this Section. A Borrower may from time to time elect: (i) to convert any Advances to another Type by changing the currency of such Advances or the type of interest rate applicable thereto; or (ii) to have any LIBOR Advances continued as such Type of Advance by electing an additional Interest Period; subject in each case to the provisions of Sections 3.1(c) and 3.6 and to the following provisions:

- (i) Prime Rate Advances. The Canadian Borrower may elect to convert a Prime Rate Advance as of any Business Day to a Cdn \$ Banker's Acceptance.
- (ii) U.S. Base Rate Advance. The Canadian Borrower may elect to convert a U.S. Base Rate Advance as of any Business Day to a LIBOR Advance.
- (iii) U.S. Prime Rate Advance. The U.S. Borrower may elect to convert a U.S. Prime Rate Advance as of any Business Day to a LIBOR Advance.
- (iv) LIBOR Advance. A Borrower may elect, effective on the last day of the then current Interest Period applicable thereto: (A) to convert a LIBOR Advance to (1) in the case of the Canadian Borrower, a U.S. Base Rate Advance; or (2) in the case of the U.S. Borrower, a U.S. Prime Rate Advance; (B) to have such LIBOR Advance continued as such Type of Advance for an additional Interest Period. If the Borrower has made no such election, on the expiry of the then current Interest Period, such Advance shall be automatically converted to a U.S. Base Rate Advance in the case of the Canadian Borrower or a U.S. Prime Rate Advance in the case of the U.S. Borrower effective on the last day of such Interest Period.
- (v) Intercurrency Conversions. Any conversion by a Borrower of a Type of Advance denominated in one currency to a Type of Advance denominated in another currency shall be effected by way of a repayment of the outstanding Advance and the making of a subsequent Advance.

(b) Each such election shall be made on notice (an "Conversion Notice"), given to the Canadian Agent not later than 10:00 a.m. (Toronto time) in the case of the Canadian Borrower, and to the U.S. Agent not later than 10:00 a.m. (New York time) in the case of the U.S. Borrower: (i) in the case of an election to convert an Advance to, or continue an Advance as, a LIBOR Advance, at least three (3) Business Days before the effective date of such election; and (ii) in the case of an election to convert an Advance to, or continue an Advance as, a Prime Rate Advance or a U.S. Base Rate Advance, at least two (2) Business Days before the effective date

of such election. Each Conversion Notice shall be substantially in the form of Schedule B1 and shall specify, with respect to the outstanding Advances to which such Conversion Notice applies: (i) if the Type of such Advance is to be converted, the new Type of Advance selected, the effective date of such conversion and, if the new Type of Advance selected is a LIBOR Advance, the duration of the initial Interest Period applicable thereto; or (ii) if such Advance is a LIBOR Advance which is to continue as such Type of Advance for an additional Interest Period in whole or in part, the amount of such Advance to be continued for the duration of the additional Interest Period and the date on which such Interest Period is to begin.

(c) A Borrower shall not in any Conversion Notice select an Interest Period which ends after the date that is one (1) year after the Maturity Date or which conflicts with the definition of Interest Period specified in Section 1.2 or with the repayments provided for in Section 2.5, 2.6 or 2.8.

(d) Any conversion of an Advance under this Section shall not constitute a repayment under Section 2.5, or a prepayment under Section 2.6 or 2.8.

3.5 Conversions of Prime Rate Advances to Bankers' Acceptances or BA Equivalent Notes.

(a) The Canadian Borrower may, subject to the provisions of this Agreement, convert the outstanding principal amount of a Prime Rate Advance, in whole or in part, to Bankers' Acceptances or BA Equivalent Notes by giving an Acceptance Notice in accordance with Section 4.2 (including in accordance with the period for notice set forth in Section 4.2). The Canadian Borrower shall notify the Canadian Agent at the same time as the Canadian Borrower gives the Acceptance Notice of the amount of any Prime Rate Advance to be converted. If the Prime Rate Advance to be converted cannot be converted to an aggregate Face Amount of Bankers' Acceptances or BA Equivalent Notes in an amount which may be drawn as Bankers' Acceptances or BA Equivalent Notes under this Agreement, then the amount which cannot be so converted shall thereafter continue to be outstanding as a Prime Rate Advance.

(b) Where any Prime Rate Advances are to be converted, in whole or in part, to Bankers' Acceptances or BA Equivalent Notes, the Canadian Borrower shall pay from proceeds of Bankers' Acceptances and BA Equivalent Notes, and there shall become due and payable on the Acceptance Date, the principal amount of such Prime Rate Advances which are to be so converted.

(c) Any conversion of an Advance under this Section shall not constitute a repayment under Section 2.5 or a prepayment under Section 2.6 or 2.8.

3.6 Circumstances Requiring Prime Rate Pricing.

(a) Canadian Revolver Facility.

If the Canadian Revolver Facility Lenders, or any one or more of them, determine in good faith, and the Canadian Agent notifies the Canadian Borrower that: (i) by reason of circumstances affecting financial markets inside or outside Canada, deposits of U.S. Dollars are unavailable to the Canadian Revolver Facility Lenders or any one or more of them; (ii) adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided in the definition of LIBOR or U.S. Base Rate, as the case may be; (iii) the making or continuation of any U.S. Dollar Advances has been made impracticable: (A) by the occurrence of a contingency (other than a mere increase in rates payable by such Lenders or any one or more of them to fund such Advances) which materially adversely affects the funding of the Canadian Revolver Facility at any interest rate computed on the basis of the LIBOR or the U.S. Base Rate, as the case may be; or (B) by reason of a change since the date of this Agreement in any applicable Law or in the interpretation thereof by any Governmental Entity which affects the Canadian Revolver Facility Lenders or any one or more of them or any relevant financial market, and which results in the LIBOR or the U.S. Base Rate, as the case may be, no longer representing the effective cost of such Lenders or any one or more of them of deposits in such market for a relevant Interest Period or for Advances outstanding as U.S. Base Rate Advances; or (iv) any change since the date of this Agreement to any present Law, or any future Law, or any change since the date of this Agreement therein or in the interpretation or application thereof by any Governmental Entity, has made it unlawful for the Canadian Revolver Facility Lenders or any one or more of them to make or maintain or to give effect to this obligation in respect of U.S. Dollar Advances as contemplated hereby, then:

- (i) the right of the Canadian Borrower to select any affected Type of U.S. Dollar Advance shall be suspended until the Canadian Revolver Facility Lenders determine that the circumstances causing such suspension no longer exist and the Canadian Agent, upon direction from the Majority Lenders, so notifies the Borrower;
- (ii) if any affected Type of U.S. Dollar Advance is not yet outstanding, any applicable Borrowing Notice shall be cancelled and the Advance requested shall not be made;
- (iii) if any LIBOR Advance is already outstanding at any time when the right of the Canadian Borrower to select LIBOR Advances is suspended, it and all other LIBOR Advances shall, subject to such Borrower having the right to select U.S. Base Rate Advances at such time, become U.S. Base Rate Advances on the last day of the then current Interest Period applicable thereto (or on such earlier date as may be required to comply with any applicable Law) or, if such Borrower does not have the right to select U.S. Base Rate Advances at such time, it and all LIBOR Advances shall become Prime Rate Advances on the last day of the then current Interest Period applicable thereto (or on such earlier date as may be required to comply with any applicable Law) in a principal amount equal to the Equivalent Cdn. \$ Amount of such LIBOR Advances determined on the

date on which such Advances become denominated in Canadian Dollars;
and

- (iv) if any U.S. Base Rate Advance is already outstanding at any time when the right of the Canadian Borrower to select U.S. Base Rate Advances is suspended, it and all other U.S. Base Rate Advances shall become Prime Rate Advances immediately, in a principal amount equal to the Equivalent Cdn. \$ Amount of the related U.S. Base Rate Advances determined on the date on which such Advances become denominated in Canadian Dollars.

(b) U.S. Revolver Facility.

If the U.S. Revolver Facility Lenders, or any one or more of them, determine in good faith, and the U.S. Agent notifies the U.S. Borrower that (i) adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided in the definition of LIBOR; (ii) the making or contribution of any LIBOR Advance has been made impracticable: (A) by the occurrence of a contingency (other than a mere increase in rates payable by the U.S. Revolver Facility Lenders or any one or more of them to fund the Advances) which materially adversely affects the funding of the applicable U.S. Revolver Facility at any interest rate computed on the basis of LIBOR; or (B) by reason of a change since the date of this Agreement in any applicable Law or in the interpretation thereof by any Governmental Entity which affects the U.S. Revolver Facility Lenders or any one or more of them or any relevant financial market, and which results in the LIBOR no longer representing the effective cost of the U.S. Revolver Facility Lenders or any one or more of them of deposits in such market for a relevant Interest Period; or (iii) any change since the date of this Agreement to any present Law or any future Law, or any change since the date of this Agreement therein or in the interpretation or application thereof by any Governmental Entity, has made it unlawful for the U.S. Revolver Facility Lenders or any one or more of them to make or maintain or to give effect to this obligation in respect of LIBOR Advances as contemplated hereby, then:

- (i) the right of the U.S. Borrower to select a LIBOR Advance shall be suspended until the U.S. Revolver Facility Lenders determine that the circumstances causing such suspension no longer exist and the U.S. Agent, upon direction from the Majority Lenders, so notifies the U.S. Borrower;
- (ii) if any affected LIBOR Advance is not yet outstanding, any applicable Borrowing Notice shall be deemed to be a Borrowing Notice requesting a U.S. Prime Rate Advance; and
- (iii) if any LIBOR Advance is already outstanding at any time when the right of the U.S. Borrower to select LIBOR Advances is suspended, it and all other LIBOR Advances to the U.S. Borrower shall become U.S. Prime Rate Advances on the last day of the then current Interest Period applicable thereto (or on such earlier date as may be required to comply with any applicable Law.)

3.7 Canadian Swing Line Loans.

(a) The Canadian Borrower will have access to Prime Rate Advances under the Canadian Swing Line Facility via overdraft from a Canadian Dollar current account at the Canadian Swing Line Lender's Branch 6330. The Canadian Borrower will have access to U.S. Base Rate Advances under the Canadian Swing Line Facility via overdraft from a U.S. Dollar current account at the Canadian Swing Line Lender's Branch 6330. The total of Prime Rate Advances and the Canadian Dollar equivalent of U.S. Base Rate Advances under the Canadian Swing Line Facility via overdrafts cannot exceed the Canadian Swing Line Facility Commitment.

(b) The Canadian Swing Line Loan shall bear interest at a rate per annum equal at all times to the Prime Rate in effect from time to time plus the Applicable Margin, in the case of Prime Rate Advances, or the U.S. Base Rate, in the case of U.S. Base Rate Advances, from and including the date the Canadian Swing Line Loan is made to but excluding the date such Canadian Swing Line Loan is repaid in full, calculated (but not compounded) daily and payable in arrears on the third Business Day of each month following the month for which such interest is payable and on the Maturity Date. All amounts owing to the Canadian Swing Line Lender hereunder shall be paid by the Canadian Borrower by depositing the amount owing to the Canadian Swing Line Lender's account.

(c) If the Canadian Swing Line Facility is fully drawn hereunder and/or the satisfaction of any withdrawal requests or Advances (each an "Overadvance") under the Canadian Swing Line Facility would cause the Outstandings under the Canadian Swing Line Facility to exceed the Canadian Swing Line Facility Commitment, the Canadian Swing Line Lender will not be obligated to make such Overadvance. Any Overadvances made under the Canadian Swing Line Facility will be honoured on an exception basis only at the sole discretion of the Canadian Swing Line Lender, will be repayable on demand, will not constitute a formal or permanent increase to the Canadian Swing Line Facility Commitment and are subject to all terms and conditions of this Agreement.

(d) At any time and from time to time, the Canadian Borrower may, and shall when:

- (i) the Total Outstandings of all Canadian Swing Line Loans exceed (or would after the making of a Canadian Swing Line Loan exceed) the Canadian Swing Line Facility Commitment
- (ii) upon the occurrence of a Default or
- (iii) upon the request of the Canadian Swing Line Lender,

direct the Canadian Agent to give 2 Business Day's notice to each Canadian Revolver Facility Lender no later than 11:00 a.m. (Toronto time), to make, and each Canadian Revolver Facility Lender hereby agrees to make, an Advance under the Canadian Revolver Facility which is a Prime Rate Advance in an amount equal to such Canadian Revolver Facility Lender's Pro Rata Share under the Canadian Revolver Facility of the aggregate principal amount of the Canadian Swing Line Loans specified in the notice. The aggregate amount of such Advance shall be applied on the date of receipt thereof by the Canadian Agent to repay the principal amount of such Canadian Swing Line Loans to the Canadian Swing Line Lender. Nothing in this Section shall require the Canadian Swing Line Lender to make any Canadian Swing Line Loan that would result in the Total Outstandings of all Canadian Swing Line Loans exceeding the Canadian Swing Line Facility Commitment or the aggregate amount in Canadian Dollars of all

Outstandings of any Canadian Revolver Facility Lender, exceeding the Individual Commitment of such Lender, in its capacity as a Canadian Revolver Facility Lender under the Canadian Revolver Facility, at such time.

(e) Each Canadian Revolver Facility Lender agrees to indemnify the Canadian Swing Line Lender (to the extent not reimbursed by the Canadian Borrower), rateably according to its Pro Rata Share under the Canadian Revolver Facility, whether before or after or during the continuance of a Default or Event of Default, from and against any and all Losses and Claims of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Canadian Swing Line Lender by reason of the Canadian Swing Line Lender making Canadian Swing Line Loans available or otherwise in any way relating to or arising out of the Canadian Swing Line Loans. Nothing in this paragraph 3.7(e) shall require any of the Canadian Revolver Facility Lenders to advance more than their Individual Commitment under the Canadian Revolver Facility.

3.8 U.S. Swing Line Loans

(a) The U.S. Borrower will have access to U.S. Prime Rate Advances and LIBOR Advances under the U.S. Swing Line Facility via overdraft from a U.S. Dollar current account at the U.S. Swing Line Lender's Branch TDNY. The total of U.S. Prime Rate Advances and LIBOR Advances under the U.S. Swing Line Facility via overdrafts cannot exceed the U.S. Swing Line Facility Commitment.

(b) The U.S. Swing Line Loan shall bear interest at a rate per annum equal at all times to the U.S. Prime Rate in effect from time to time in the case of U.S. Prime Rate Advances, or to the LIBOR Rate in effect from time to time in the case of LIBOR Advances, from and including the date the U.S. Swing Line Loan is made to, but excluding the date such U.S. Swing Line Loan is repaid in full, calculated (but not compounded) daily and payable in arrears on the third Business Day of each month following the month for which such interest is payable and on the Maturity Date. All amounts owing to the U.S. Swing Line Lender hereunder shall be paid by the U.S. Borrower by depositing the amount owing to the U.S. Swing Line Lender's account.

(c) If the U.S. Swing Line Facility is fully drawn hereunder and/or the satisfaction of any withdrawal requests or Advances (each an "Overadvance") under the U.S. Swing Line Facility would cause the Outstandings under the U.S. Swing Line Facility to exceed the U.S. Swing Line Facility Commitment, the U.S. Swing Line Lender will not be obligated to make such Overadvance. Any Overadvances made under the U.S. Swing Line Facility will be honoured on an exception basis only at the sole discretion of the U.S. Swing Line Lender, will be repayable on demand, will not constitute a formal or permanent increase to the U.S. Swing Line Facility Commitment and are subject to all terms and conditions of this Agreement.

(d) At any time and from time to time, the U.S. Borrower may, and shall when: (i) the Total Outstandings of all U.S. Swing Line Loans exceed (or would after the making of a U.S. Swing Line Loan exceed) the U.S. Swing Line Facility Commitment (ii) upon the occurrence of a Default or (iii) upon the request of the U.S. Swing Line Lender, direct the U.S. Agent to give 2 Business Day's notice to each U.S. Revolver Facility Lender no later than 11:00 a.m. (Houston

time), to make, and each U.S. Revolver Facility Lender hereby agrees to make, an Advance under the U.S. Revolver Facility which is a U.S. Prime Rate Advance in an amount equal to such U.S. Revolver Facility Lender's Pro Rata Share under the U.S. Revolver Facility of the aggregate principal amount of the U.S. Swing Line Loans specified in the notice. The aggregate amount of such Advance shall be applied on the date of receipt thereof by the U.S. Agent to repay the principal amount of such U.S. Swing Line Loans to the U.S. Swing Line Lender. Nothing in this Section shall require the U.S. Swing Line Lender to make any U.S. Swing Line Loan that would result in the Total Outstandings of all U.S. Swing Line Loans exceeding the U.S. Swing Line Facility Commitment or the aggregate amount in U.S. Dollars of all Outstandings of any U.S. Revolver Facility Lender, exceeding the Individual Commitment of such Lender, in its capacity as a U.S. Revolver Facility Lender under the U.S. Revolver Facility, at such time.

(e) Each U.S. Revolver Facility Lender agrees to indemnify the U.S. Swing Line Lender (to the extent not reimbursed by the U.S. Borrower) rateably according to its Pro Rata Share under the U.S. Revolver Facility, whether before or after or during the continuance of a Default or Event of Default, from and against any and all Losses and Claims of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the U.S. Swing Line Lender by reason of the U.S. Swing Line Lender making U.S. Swing Line Loans available or otherwise in any way relating to or arising out of the U.S. Swing Line Loans. Nothing in this paragraph 3.8(e) shall require any of the U.S. Revolver Facility Lenders to advance more than their Individual Commitment under the U.S. Revolver Facility.

3.9 Market Disruption: LIBOR Advances

If, at any time subsequent to the giving of an Accommodation Notice to the Agent by a Borrower with respect to any requested LIBOR Advance:

- (a) the Agent (acting reasonably) determines that by reason of circumstances affecting the London interbank market, adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, a requested LIBOR Advance during the ensuing Interest Period selected;
- (b) the Agent (acting reasonably) determines that the making or continuing of the requested LIBOR Advance by the Lenders has been made impracticable by the occurrence of an event which materially adversely affects the London interbank market generally; or
- (c) the Agent is advised by Lenders holding at least 25% of the aggregate amounts of the Commitments, by written notice (each, a "LIBOR Suspension Notice"), such notice to be received by the Agent no later than 12:00 p.m. (Toronto time) on the third Business Day prior to the date of the requested drawdown, rollover or conversion, as the case may be, that such Lenders have determined (acting reasonably) that the LIBOR Rate will not or does not represent the adequate cost to such Lenders of making or maintaining such LIBOR Advance,

then (i) the Agent shall give notice thereof to the Lenders and the Borrowers as soon as possible after such determination or receipt of such LIBOR Suspension Notice, as the case may be, (ii) the Borrower shall, within one Business Day after receipt of such notice and in replacement of an Accommodation Notice previously given by such Borrower, give the Agent Notice specifying a different Accommodation or the conversion of the relevant LIBOR Advance on the last day of the applicable Interest Period into any other Accommodation which would not be affected by the notice from the Agent pursuant to this Section and (iii) the right of the Borrowers to select a LIBOR Advance for the applicable request and for all subsequent requests shall be suspended until the Agents notify the Borrowers and the Lenders that the circumstances causing such suspension no longer exist.

If the Borrower fails to give, if applicable, a valid replacement Notice with respect to the maturing LIBOR Advance which was the subject of an Accommodation Notice, such maturing LIBOR Advance shall be converted on the last day of the applicable Interest Period into a Prime Rate Advance as if a valid replacement Accommodation Notice had been given to the Agent by such Borrower pursuant to the provisions hereof. If such Borrower fails to give, if applicable, a valid replacement Notice with respect to a drawdown originally requested by way of a LIBOR Advance, then such Borrower shall be deemed to have requested a drawdown by way of a Prime Rate Advance in the amount specified in the original Accommodation Notice and, on the originally requested drawdown date, the Lenders (subject to the other provisions hereof) shall make available the requested amount by way of a Prime Rate Advance.

ARTICLE IV BANKERS' ACCEPTANCES

4.1 Acceptances and Drafts.

Each of the Canadian Lenders severally agrees on the terms and conditions of this Agreement: (i) if such Lender is a BA Lender, to create acceptances ("Bankers' Acceptances") by accepting Drafts of the Canadian Borrower under the Canadian Revolver Facility, the Canadian Term Facility and Canadian Swing Line Facility; or (ii) if such Lender is a Non-BA Lender, to purchase BA Equivalent Notes of the Canadian Borrower under the Canadian Revolver Facility, the Canadian Term Facility and Canadian Swing Line Facility, in each case on the Closing or thereafter from time to time on any Business Day at least one month prior to the Maturity Date, which Drafts have an aggregate Face Amount equal to such Lender's Pro Rata Share of the total Accommodation being made by way of Bankers' Acceptances or BA Equivalent Notes; except that, if the Face Amount of a Bankers' Acceptance in the case of a BA Lender, or the Face Amount of a BA Equivalent Note, in the case of a Non-BA Lender, is not, on Closing, in a Face Amount of at least Cdn.\$1,000,000 or U.S.\$1,000,000, as the case may be, and thereafter if the Face Amount would not be an integral multiple of Cdn. \$100,000 or U.S.\$100,000, as the case may be, such Face Amount shall be increased or reduced by the Canadian Agent in its sole discretion and in accordance with normal market practices, to the nearest integral multiple of Cdn. \$100,000 or U.S.\$100,000, as the case may be. Bankers' Acceptances shall be created through the acceptance of Drafts by a BA Lender upon the Canadian Borrower paying the Acceptance Fee, which shall be deducted by each BA Lender

from the proceeds it receives from the sale of such Bankers' Acceptances. BA Equivalent Notes shall be purchased by each Non-BA Lender upon the Canadian Borrower paying the Acceptance Fee, which shall be deducted by each Non-BA Lender from the purchase price it pays for such BA Equivalent Notes. In each case, following deduction of the Acceptance Fee, each BA Lender and Non-BA Lender will remit the net proceeds to the Canadian Agent and the Canadian Agent shall credit such net proceeds to the Borrower's Canadian Dollar Account of the Canadian Borrower. After any Acceptance the Total Outstandings under: (a) the Canadian Revolver Facility shall not exceed the Canadian Revolver Facility Commitment; (b) the Canadian Term Facility shall not exceed the Canadian Term Facility Commitment; and (c) the Total Outstandings under the Canadian Swing Line Facility shall not exceed the Canadian Swing Line Facility Commitment.

4.2 Procedure for Acceptances.

(a) Each Acceptance shall be made on notice (an "Acceptance Notice"), given not later than 10:00 a.m. (Toronto time) at least two (2) Business Days but not more than five (5) Business Days prior to the date of the proposed Acceptance by the Canadian Borrower to the Canadian Agent. Each Acceptance Notice shall be in substantially the form of Schedule B hereto and shall specify: (i) the requested date for such Acceptance (the "Acceptance Date"); (ii) the aggregate Face Amount of Drafts to be accepted and BA Equivalent Notes to be purchased in Canadian Dollars and (iii) the contract maturity date for such Drafts and BA Equivalent Notes.

(b) Upon receipt of an Acceptance Notice, the Canadian Agent shall be responsible for making all necessary arrangements with each of the applicable Lenders with respect to the stamping of Bankers' Acceptances and the purchasing of BA Equivalent Notes in the manner contemplated in this Article IV.

(c) The BA Lenders shall accept the Bankers' Acceptances, and the Non-BA Lenders shall purchase the BA Equivalent Notes, pursuant to Section 4.5. The Canadian Agent shall as soon as practical deliver to the Canadian Borrower a notice confirming the acceptance of Bankers' Acceptances and BA Equivalent Notes and specifying the net proceeds derived therefrom.

(d) The Canadian Borrower shall not, in any Acceptance Notice under the Credit Facilities, select a contract maturity for a Draft which ends after the date which is one (1) year after the applicable Maturity Date or which conflicts with the repayments provided for in Section 2.5 or the repayments provided for in Section 2.6.

4.3 Form of Drafts.

(a) Each Draft presented by the Canadian Borrower for acceptance by a BA Lender and each BA Equivalent Note presented by the Canadian Borrower for purchase by a Non-BA Lender: (i) shall be in a Face Amount of not less than Cdn. \$1,000,000 and in an integral multiple of Cdn. \$100,000, in the case of a Bankers' Acceptance or BA Equivalent Note denominated in Canadian Dollars or, in the case of a Bankers' Acceptance or BA Equivalent

Note denominated in U.S. Dollars, shall be in a Face Amount of not less than U.S. \$1,000,000 and in an integral multiple of U.S. \$100,000; (ii) shall be dated the date of Acceptance; and (iii) shall mature and be payable by the Canadian Borrower on a Business Day which occurs approximately one, two, three or six months after the Acceptance Date and on or prior to the date which is one (1) year after the Maturity Date.

(b) The Canadian Borrower hereby renounces, and shall not claim, any days of grace for the payment of any Bankers' Acceptances or BA Equivalent Notes.

4.4 Acceptance of Drafts.

Not later than 12:00 noon (Toronto time) on the Acceptance Date specified for an Acceptance, each Lender that is a BA Lender: (i) shall complete one or more Drafts dated the date of such Acceptance in an aggregate Face Amount equal to its Pro Rata Share of the amount of such Acceptance and with the maturity date specified by the Canadian Borrower in its Acceptance Notice; (ii) shall accept the Drafts; and (iii) shall purchase the Bankers' Acceptance(s) thereby created in the manner provided in Section 4.5.

4.5 Purchase of Bankers' Acceptances.

(a) The purchase price of any Bankers' Acceptances and BA Equivalent Notes purchased by a Lender shall be calculated based on the BA Discount Rate applicable to the Lenders on the Acceptance Date for such Bankers' Acceptances and BA Equivalent Notes. The purchase price for any Bankers' Acceptances and BA Equivalent Notes purchased by a Lender shall be paid and satisfied by the Lender making payment to the Canadian Agent for the account of the Canadian Borrower of the net proceeds thereof, following the deduction of the Acceptance Fee by such Lender, on the Acceptance Date.

(b) Bankers' Acceptances purchased by a BA Lender hereunder may be held by it for its own account until maturity or sold by it at any time prior thereto in the relevant market therefor in Canada, in such BA Lender's sole discretion.

4.6 Reimbursement at Contract Maturity Date.

(a) Subject to Section 4.7, the Canadian Borrower shall pay to the Canadian Agent for the account of each applicable Lender in same day funds, and there shall become due and payable at 11:00 a.m. (Toronto time) on the contract maturity date for each Bankers' Acceptance or BA Equivalent Note, an amount in Canadian Dollars equal to the Face Amount of such Bankers' Acceptance accepted or BA Equivalent Note purchased by such Lender. The Canadian Borrower shall make each payment hereunder in respect of Bankers' Acceptances or BA Equivalent Notes by deposit of the required funds to the Canadian Agent's Account.

(b) If the Canadian Borrower fails to pay the Canadian Agent on behalf of a Lender pursuant to Section 4.6(a), or to convert or renew the Face Amount of such Bankers' Acceptance pursuant to Section 4.7, the unpaid amount due and payable to such Lender in respect of such

Bankers' Acceptance shall automatically be funded by such Lender on the contract maturity date by a Prime Rate Advance.

4.7 Renewal or Conversion of Bankers' Acceptances or BA Equivalent Notes.

(a) For effect on the contract maturity date of a Bankers' Acceptance or BA Equivalent Note, the Canadian Borrower may elect: (i) to renew all or a portion of the Face Amount of such Bankers' Acceptance or BA Equivalent Note by giving an Acceptance Notice in accordance with Section 4.2 (including in accordance with the period for notice set forth in Section 4.2); or (ii) to have all or a portion of the Face Amount of such Bankers' Acceptance or BA Equivalent Note converted by giving a Borrowing Notice in accordance with Section 3.2 (including in accordance with the period for notice set forth in Section 3.2). If the Bankers' Acceptance or BA Equivalent Note to be converted cannot be converted into a Prime Rate Advance in an amount which may be outstanding as a Prime Rate Advance under this Agreement, then the amount which cannot be so converted shall be repaid to the Canadian Agent on behalf of the applicable Lenders on the date of such conversion in accordance with Section 4.6.

(b) Any renewal or conversion of Bankers' Acceptances or BA Equivalent Note under this Section 4.7 shall not constitute a repayment under Section 2.5 or a prepayment under Section 2.6 or 2.8.

4.8 Payments.

Except as required by Section 2.5, 2.6 or 10.1, no repayment of Bankers' Acceptances or BA Equivalent Notes shall be made by the Canadian Borrower to a Lender prior to the contract maturity date of such Bankers' Acceptances or BA Equivalent Notes as have been accepted or purchased by such Lender. If the Canadian Borrower shall be required to repay the Accommodations under the Credit Facilities pursuant to Section 2.5, 2.6 or 10.1, then the Canadian Borrower shall pay to the Canadian Agent an amount in Canadian Dollars equal to the Face Amount of all Bankers' Acceptances and BA Equivalent Notes. Such amounts paid to the Canadian Agent shall be invested (the "Repaid Amount") by the Canadian Agent until the contract maturity date of such Bankers' Acceptances or BA Equivalent Notes. As soon as practicable after the applicable contract maturity date(s), the Canadian Agent shall apply all interest earned on the Repaid Amount in accordance with Section 11.4 and the Repaid Amount shall be paid by the Canadian Agent to the Lenders and applied against, and shall reduce, pro rata among the Lenders the obligations of the Canadian Borrower to pay amounts then or thereafter payable under such Bankers' Acceptances and BA Equivalent Notes, at the times such amounts become payable thereunder. If the Canadian Borrower shall prepay any Bankers' Acceptances accepted or BA Equivalent Notes purchased by a Lender, then (unless such prepayment has been rescinded or otherwise is required to be returned by such Lender for any reason), as between the Canadian Borrower and such Lender, such Lender shall thereafter be solely responsible for the payment of the Face Amount of such Bankers' Acceptances as have been accepted or BA Equivalent Notes as have been purchased by such Lender to the holder or holders thereof in accordance with the terms thereof.

4.9 Circumstances Making Bankers' Acceptances Unavailable.

If the Lenders or any one or more of them (other than a Non-BA Lender) determine in good faith, and the Canadian Agent notifies the Canadian Borrower that by reason of circumstances affecting the money market there is no market for Bankers' Acceptances, then the right of the Canadian Borrower to request an Acceptance shall be suspended until the Lenders or any one or more of them determines that the circumstances causing such suspension no longer exist and the Canadian Agent so notifies the Canadian Borrower. Any Acceptance Notice which is outstanding at the time of such notice by the Lenders or any one or more of them (other than a Non-BA Lender) shall be deemed to be a Borrowing Notice requesting a Prime Rate Advance in the principal amount equal to the requested Face Amount in such Acceptance Notice.

4.10 Power of Attorney.

In order to facilitate the issuance of Bankers' Acceptances pursuant to the Agreement, the Canadian Borrower hereby authorizes each BA Lender to complete, sign and endorse Drafts on its behalf in hand-written form or by facsimile or mechanical signature or otherwise and, once so completed, signed and endorsed to accept them as Bankers' Acceptances under this Agreement. Drafts so completed, signed, endorsed and negotiated on behalf of the Canadian Borrower by any BA Lender shall bind the Canadian Borrower as fully and effective as if those acts were performed by an authorized officer of the Canadian Borrower. Each Draft of a Bankers' Acceptance completed, signed or endorsed by a BA Lender shall mature on the last day of the period selected by the Canadian Borrower with respect thereto.

**ARTICLE V
LETTERS**

5.1 Letter Commitment.

The Canadian Swing Line Lender agrees, on the terms and conditions of this Agreement, to issue Letters denominated in Canadian or U.S. Dollars or other freely traded currencies as approved by The Toronto-Dominion Bank, and the U.S. Swing Line Lender, agrees, on the terms and conditions of this Agreement, to issue Letters denominated in U.S. Dollars, for the account of the applicable Borrower under the applicable Credit Facilities from time to time, but not prior to Closing, on any Business Day prior to the Maturity Date (each such Lender being herein called an "Issuing Lender"). The Borrowers shall not permit Letters to be issued by the Canadian Swing Line Lender pursuant to the Canadian Swing Line Facility in an amount which would result in the aggregate amount of all the then issued and outstanding Letters issued thereunder to exceed the Canadian Swing Line Facility Commitment. The Borrowers shall not permit Letters to be issued by the U.S. Swing Line Lender pursuant to the U.S. Swing Line Facility in an amount which would result in the aggregate amount of all the then issued and outstanding Letters issued thereunder to exceed the U.S. Swing Line Facility Commitment. Letters shall be issued by the applicable Issuing Lender upon a Borrower paying the Issue Fee into the Issuing Lender's account. Unless such Issuing Lender otherwise notifies the Borrower in writing prior to the issue thereof, all Letters shall be subject to the Uniform Customs and Practice

for Documentary Credits promulgated by the International Chamber of Commerce, being publication No. 600, as amended, supplemented, modified, replaced or restated from time to time.

5.2 Procedure for Issue.

(a) Each Issue shall be made on notice (an "Issue Notice") given by a Borrower to the Issuing Lender, not later than 10:00 a.m. (local time at the place of Issue) at least three (3) Business Days prior to the Issue Date (as hereinafter defined). The Issue Notice (which may be made by telephone, and promptly confirmed in writing) shall specify: (i) the requested date of Issue (the "Issue Date"); (ii) the type of Letter; (iii) the aggregate Face Amount and currency of the Letter; (iv) the expiration date of the Letter; (v) the name and address of the Beneficiary; and (vi) the purpose of the Letter.

(b) Upon receipt of an Issue Notice, the Issuing Lender shall deal with such Issue Notice in the manner specified in this Article V.

(c) A Borrower shall not request in the Issue Notice an expiration date for a Letter which would be subsequent to the Maturity Date.

5.3 Form of Letters.

(a) Each Letter: (i) shall be dated the Issue Date; (ii) shall have an expiration date on a Business Day which occurs no later than three hundred and sixty four (364) days after the Issue Date and occurs prior to the Maturity Date; and (iii) shall comply with the definition of Letter.

(b) Prior to the date of Issue of a Letter, the applicable Borrower shall (i) have executed and delivered the standard form documents required by the Issuing Lender in respect of such Letter; and (ii) specify a precise description of the documents and the verbatim text of any certificate to be presented by the Beneficiary which, if presented by the Beneficiary, would require an Issuing Lender to make payment under the Letter. An Issuing Lender may require changes in any such documents or certificate.

5.4 Reimbursement of Amounts Drawn Under Letters

(a) The applicable Borrower shall reimburse the applicable Issuing Lender for, and there shall become due and payable at 11:00 a.m. (local time at the place of Issue) on the date specified by a Beneficiary as a drawing date under a Letter, an amount in same day funds equal to the amount to be drawn by such Beneficiary under such Letter in the currency in which such Letter is payable. The Borrower shall make such reimbursement payment by paying the amount of such payment to the applicable Issuing Lender's account.

(b) If an Issuing Lender makes any payment under any Letter issued at the request of the Canadian Borrower and the Canadian Borrower shall not have reimbursed the Issuing Lender for such amount pursuant to Section 5.4(a): (i) such Issuing Lender may at any time thereafter

notify the Canadian Agent of such failure and such notification shall be deemed to have been a Borrowing Notice given by the Canadian Borrower to the Canadian Agent to make a Prime Rate Advance or U.S. Base Rate Advance, as applicable, on the date of such request in an amount equal to the amount of such drawing; and (ii) each of the Canadian Revolver Facility Lenders shall, on the date of such drawing, make its Pro Rata Share of such Advance under the Canadian Revolver Facility and apply the proceeds thereof to the reimbursement of such Issuing Lender for the amount of such drawing.

(c) If an Issuing Lender makes any payment under any Letter issued at the request of the U.S. Borrower and the U.S. Borrower shall not have reimbursed the Issuing Lender for such amount pursuant to Section 5.4(a): (i) the Issuing Lender may at any time thereafter notify the U.S. Agent of such failure and such notification shall be deemed to have been a U.S. Borrowing Notice given by the U.S. Borrower to the U.S. Agent to make a U.S. Prime Rate Advance on the date of such request in an amount equal to the amount of such drawing; and (ii) each of the U.S. Revolver Facility Lenders shall, on the date of such drawing, make its Pro Rata Share of such Advance under the U.S. Revolver Facility and apply the proceeds thereof to the reimbursement of the Issuing Lender for the amount of such drawing.

5.5 Issue Fees and Other Letter Fees.

(a) Each Borrower for which a Letter has been issued on its behalf shall pay to the applicable Issuing Lender, each month that Letters issued on behalf of such Borrower are outstanding, the applicable Issue Fee. For certainty, any Issue Fee charged by or on behalf of a Swing Line Lender shall be retained by it and shall not be shared with the other Lenders. Issue Fees shall be payable in the currency in which such Letter is payable, and shall be calculated in accordance with the Applicable Margin on the basis of the Face Amount of such Letter calculated daily on the basis of a term to maturity of such Letter and a year of three hundred and sixty five (365) days.

(b) Each Borrower for which a Letter has been issued on its behalf shall pay to the applicable Issuing Lender sundry charges and out-of-pocket expenses ("Other Letter Fees") payable in respect of Letters which the Issuing Lender issues pursuant to a request of such Borrower.

(c) The Borrowers hereby acknowledge and agree that any Issue Fees or Other Letter Fees paid with respect to any Letter shall not be refunded or rebated in whole or in part, whether or not any amount is drawn under any Letter and whether or not such Letter continues to be outstanding for its stated term.

5.6 Risk of Letters.

(a) In determining whether to pay under a Letter, an Issuing Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter have been delivered and that they comply on their face with the requirements of such Letter.

(b) The obligation of the applicable Borrower to reimburse the Issuing Lender for amounts paid by it under any Letter shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including:

- (i) any lack of validity or enforceability of any Letter;
- (ii) the existence of any claim, set-off, defence or other right which the Borrower may have at any time against a Beneficiary or any transferee of any Letter (or any Persons for whom any such Beneficiary or transferee may be acting), any Agent, any Lender, or any other Person, whether in connection with the Loan Documents, the transactions contemplated therein or any other transaction (including any underlying transaction between the Borrower and the Beneficiary under such Letter);
- (iii) any draft, demand, certificate or any other document presented under the Letter proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;
- (iv) payment by an Issuing Lender under the Letter against presentation of a demand, draft or certificate or other document which does not comply with the terms of the Letter;
- (v) any other circumstance or happening whatsoever, which is similar to any of the foregoing; or
- (vi) the fact that a Default or an Event of Default shall have occurred and be continuing.

(c) As between the Borrowers, the Agents and the Lenders, the applicable Borrower assumes all risks of the acts and omissions of, or misuse of any Letter by the Beneficiary of such Letter. None of the Lenders shall have any responsibility for: (i) the form, validity, accuracy, genuineness or legal effect of any document submitted by any Person in connection with the application for and issuance of any Letter, even if it should in fact prove to be in any or all respects invalid, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign such Letter or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they are in cipher; (iv) errors in interpretation of technical terms; (v) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter or of the proceeds thereof; (vi) the misapplication by the Beneficiary of any Letter or the proceeds of any drawing under any Letter; and (vii) any consequences arising from causes beyond the control of the Issuing Lender, including any act or omission of any Governmental Entity. None of clauses (i) through (vii) of this Section shall affect, impair, or prevent the vesting of the Issuing Lenders' rights or powers hereunder. Any action taken or omitted by an Issuing Lender under or in

connection with any Letter or the related certificates, including any action contemplated by this Section 5.6(c), if taken or omitted in good faith, shall not put an Issuing Lender under any resulting liability to the Borrower provided that the Issuing Lender acts without gross negligence or wilful misconduct.

5.7 Repayments.

(a) If a Borrower shall be required to repay the Accommodations under the Credit Facilities pursuant to Section 2.5, 2.6 or 10.1, then the Borrower shall pay to the Issuing Lenders, to the extent required pursuant thereto and in the amount provided therein, each Issuing Lender's contingent liability (as determined by such Issuing Lender) in respect of the Letters outstanding that have been issued on account of the Borrower hereunder. The Borrower shall also pay, to the extent required pursuant thereto and in the amount provided therein, each Issuing Lender's contingent liability (as determined by the Issuing Lender) in respect of any Letter that has been issued on account of the Borrower which is the subject matter of any order, judgment, injunction or other such determination (a "Judicial Order") restricting payment by such Issuing Lender under and in accordance with such Letter or extending such Issuing Lender's liability under such Letter beyond the expiration date stated therein. Payment in respect of each such Letter shall be due in the currency in which such Letter is stated to be payable.

(b) The Issuing Lender shall with respect to each Letter, upon the later of:

- (i) the date on which any final and non-appealable order, judgment or other such determination has been rendered or issued either terminating the applicable Judicial Order or permanently enjoining the applicable Lender from paying under such Letter; and
- (ii) the earlier of: (A) the date on which either (1) the original counterpart of such Letter is returned to the Issuing Lender for cancellation, or (2) the Issuing Lender is released by the Beneficiary from any further obligations in respect thereof; and (B) the expiry (to the extent permitted by any applicable Law) of such Letter;

pay to the relevant Borrower an amount in the applicable currency of the Letter equal to the difference between (i) the amount paid to the relevant Issuing Lender pursuant to Section 5.7(a) and (ii) the amounts paid by such Issuing Lender under such Letter and its reasonable costs and expenses in connection with the Letter.

5.8 Indemnification.

Without limiting any obligation of a Borrower in respect of a Letter, whether or not an Event of Default shall have occurred, the Borrowers shall keep the Agents and the Lenders indemnified and held harmless from and against all suits (whether founded or unfounded), actions, proceedings, judgments, costs, claims, demands, losses, liabilities, damages

and reasonable expenses (including all reasonable legal fees) in any way relating to, arising out of, or incidental to a Letter issued hereunder.

ARTICLE VI CONDITIONS OF LENDING

6.1 Conditions Precedent to Initial Accommodation.

The obligation of the Lenders or any one or more of them to make Accommodations under the Credit Facilities on the Date of Closing is subject to the following conditions to be fulfilled or performed at or prior to January 1, 2015, which conditions are for the exclusive benefit of the Agents and the Lenders and may be waived in whole or in part by the Agents and the Lenders:

(a) Deliveries. The Agents shall have received, on behalf of the Agents and the Lenders, at or prior to the time of the making of any Accommodations on the Closing, the following, each dated such day as is satisfactory to the Agents and the Lenders and in form and substance satisfactory to the Agents, the Lenders and their counsel:

- (i) certified copies of: (A) the resolutions of the board of directors or trustees, or any duly authorized committee thereof, of each of the Borrowers and the Guarantors approving the entering into of this Agreement and each Ancillary Agreement to which it is a party and the completion of all transactions contemplated hereunder and thereunder; and (B) all other instruments evidencing necessary corporate action of each of the Borrowers and Guarantors and of required Authorizations, if any, with respect to such matters;
- (ii) fully executed copies of this Agreement and such Ancillary Agreements as are required by the Agents and the Lenders in their sole discretion to consummate the transactions contemplated hereby;
- (iii) the Security Documents creating first charge security on all assets of each of the Borrowers and the Guarantors (subject to Permitted Liens) securing the Obligations, title insurance with respect to Real Estate and such amendments, affirmations and consents regarding the existing Security Documents as the Agents and the Lenders may require;
- (iv) evidence of the registration and perfection of the Security Documents in all offices where such registration, filing or recording is necessary or desirable to protect any rights or remedies of the Agents or the Lenders thereunder and receipt of legal opinions of registration counsel in form and substance acceptable to the Agents and the Lenders;

- (v) legal opinions of counsel to each of the Borrowers and Guarantors confirming the due authorization, execution, validity and enforceability of this Agreement and the Ancillary Agreements to which the Borrowers and Guarantors are a party as well as such other matters as counsel to the Agents and the Lenders may require;
- (vi) evidence of insurance required pursuant to Section 8.1(k) and acceptable to the Agents and the Lenders;
- (vii) registrable discharge documents or postponements or undertakings to deliver the same executed by all Persons that have registered security or notices of security interests in respect of any Lien against any of the assets or Property of any Borrower or Guarantor, other than Permitted Liens and those security interests or notices of security interests consented to by the applicable Agent, on behalf of the applicable Lenders, in writing;
- (viii) a copy of each Material Agreement (other than customer contracts and leases for Leasehold Real Estate), each in form and substance acceptable to the applicable Agent and the Lenders, in their sole discretion;
- (ix) a copy of an updated corporate organizational chart showing all Pollard Parties and their respective affiliates;
- (x) Compliance Certificates, in form and substance satisfactory to the applicable Agent and the Lenders, (a) demonstrating compliance as at the Closing Date with the financial covenants contained in this Agreement on a pro forma basis; and (b) confirming that all other covenants contained in this Agreement are in compliance;
- (xi) (A) copies of such appraisals, Environmental Phase 1 reports and such other environmental materials in respect of all or such portions of the Mortgaged U.S. Property as are requested by the Agents and the Lenders in their sole discretion and (B) copies of certificates indicating whether all or any portion of the Mortgaged U.S. Property is a Flood Hazard Property;
- (xii) a copy of each agreement effecting the Reorganization, the Transfers and the Amalgamation, including (without limitation), the Amalgamation Agreement;
- (xiii) an Undertaking from the Borrowers to amend or cause to be amended each mortgage provided by PUSL over Mortgaged U.S. Property so that each such mortgage secures the Guarantee provided by PUSL respecting the indebtedness of the Canadian Borrower, and to obtain an endorsement to the existing policy(ies) of title insurance covering each such mortgage; and

(xiv) such other certificates and documentation as the Agents and the Lenders may reasonably request to give effect to this Agreement;

(b) No Material Adverse Effect. The Agents shall have received evidence satisfactory to them that no event, condition or circumstance has arisen or is likely to arise which would have a Material Adverse Effect.

(c) Due Diligence. The Lenders shall have completed due diligence in respect of: (i) all matters pertaining to the Business, Property, operations, financial condition or prospects of the Pollard Parties; and (ii) the transactions contemplated hereby, including review of all agreements and documents referred to in the schedules hereto, and shall be satisfied with the results of such due diligence, in their sole discretion.

(d) Annual Agency Fee. The Agents shall have received the annual agency fee in accordance with the Agency Fee Agreement.

(e) Reorganization. The completion of the Reorganization, the Transfers and the Amalgamation.

(f) Other Conditions. The conditions set forth in Section 6.2 shall have been fulfilled or performed.

6.2 Conditions of All Accommodations.

At any time, the obligation of the Lenders or any of them to make an Accommodation and the right of the Borrowers to deliver an Accommodation Notice shall be subject to the following conditions being satisfied on the date of such Accommodation, and after giving effect thereto and to the application of proceeds therefrom, which conditions are for the exclusive benefit of the Agents and the Lenders and may be waived in whole or in part by the applicable Agent with the approval of the applicable Lenders, in their sole discretion:

(a) Facility Limits. The Total Outstandings under each of the Credit Facilities, shall not exceed the respective Commitments.

(b) Available Accommodation. Any Accommodation requested by a Borrower shall be subject to the requirement that the Accommodation requested is an available Accommodation for such Borrower.

(c) Truth of Representations and Warranties. The representations and warranties of each of the Borrowers and Guarantors contained in this Agreement or in any Ancillary Agreement to which it is a party, shall be true and correct as of the date on which any Accommodation is made with the same force and effect as if such representations and warranties had been made on and as of such date; provided that, to the extent the disclosure in the representations and warranties is no longer true and correct, the Borrowers and Guarantors shall be entitled to update such disclosure.

(d) Performance of Covenants. Each of the Borrowers and Guarantors shall have fulfilled or complied with all covenants herein contained or contained in any Ancillary Agreement to be performed or caused to be performed by it at or prior to the date of any Accommodation.

(e) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing.

(f) Payment of Fees and Expenses. The Borrowers shall have paid all reasonable fees, costs and expenses, including legal expenses, incurred by the Agents and the Lenders in connection with the Loan Documents and all fees payable to the Agents and the Lenders as consideration for agreeing to make the Credit Facilities available to the Borrowers.

(g) Consents and Authorizations. All required Consents and Authorizations shall have been obtained on terms acceptable to the Agents, upon direction from the applicable Lenders, in order to permit any Accommodation to be made on the terms and conditions set out in this Agreement without adversely affecting the Collateral or the Business, or resulting in the violation or a breach of, or a default under or any termination, cancellation, amendment or acceleration of any material obligation under, any licence, permit, lease or contract relating to the Collateral or the Business.

(h) No Change in Laws. No Law, proposed Law, any change in any Law, or the interpretation or enforcement of any Law shall have been introduced, enacted or announced (including the introduction, enactment or announcement of any Law respecting Taxes or environmental matters or any change therein or in the interpretation or enforcement thereof), the effect of which will be to prohibit the Lenders from making any Accommodation or to increase materially the cost thereof to the Lenders.

(i) Accommodation Notice. Except in the case of a Swing Line Loan, the applicable Agent shall have received an Accommodation Notice in compliance with this Agreement.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties.

To induce each of the Lenders to make Accommodations available hereunder, each of the Borrowers and Guarantors collectively and severally represents and warrants to the Agents and the Lenders that each of the following representations and warranties is true and correct:

(a) Status and Power. Each of the Canadian Borrower, U.S. Borrower, PUSL, and PGI is a corporation duly incorporated and organized and validly subsisting under the laws of its jurisdiction of incorporation, and has full corporate power and capacity to own its Property and to carry on its part of the Business. Each of the Pollard Parties has obtained all material

Authorizations required in respect of its part of the Business and is not in default and has received no notice of any material Claim or default with respect to any such Authorizations. Each of the Borrowers and Guarantors is duly qualified, licensed or registered to carry on business in the jurisdictions in which the nature of its Property or the Business carried on by it make such qualification necessary.

(b) Authorization. Each of the Borrowers and Guarantors has full power and capacity and full legal right to enter into and perform its obligations under this Agreement and all Ancillary Agreements to which it is or will be a party and, in the case of each Borrower, to obtain Accommodations hereunder, and each of the Borrowers and Guarantors has or will have by Closing taken all action necessary to be taken by it to authorize such acts.

(c) Enforceability of Agreement. This Agreement and each Ancillary Agreement constitute legal, valid and binding obligations of each of the Borrowers and Guarantors which is a party thereto enforceable against it in accordance with their respective terms, subject only to any limitation under applicable Laws relating to: (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally; and (ii) the discretion that a court may exercise in the granting of equitable remedies.

(d) Government Approval, Regulation, etc. No Authorization or approval or other action by, and no notice to or filing with, any Governmental Entity or other Person (other than those that have been, or at Closing will be, duly obtained or made and which are, or at Closing will be, in full force and effect) is required for the due execution, delivery or performance by any Pollard Party of any Loan Document to which it is a party. None of the Borrowers or Guarantors is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. None of the Borrowers is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of the Advances will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, Federal Reserve System Board Regulation U, Regulation X or Regulation T. Terms for which meanings are provided in Federal Reserve System Board Regulation U, Regulation X or Regulation T or any regulations substituted therefore, as from time to time in effect, are used in this Section with such meanings.

(e) Litigation. Except as disclosed in Schedule F, there is no material action, suit or proceeding which has been commenced (notice of which has been served on any Pollard Party or any Subsidiary of any Pollard Party), or to the best of the knowledge of any Pollard Party or any Subsidiary of any Pollard Party, commenced (notice of which has not been served on any Pollard Party or any Subsidiary of any Pollard Party), pending or threatened, against any Pollard Party or any Subsidiary of any Pollard Party before or by any Governmental Entity, in Canada, the United States or elsewhere, or before any arbitrator or board, nor is there any such material action, suit or proceeding which would prevent any Pollard Party any Subsidiary of any Pollard Party from proceeding with the Closing and complying with all conditions precedent to the Closing set forth in Article VI or any Accommodations. None of the Pollard Parties or any Subsidiary are in default with respect to any judgment, order, writ, injunction, decree, award or other Notice of any court, arbitrator, board or other Governmental Entity, in Canada, the United States or elsewhere nor is there any judgment, order, writ, injunction, decree, or award or Notice which

would prevent any Pollard Party or any Subsidiary of any Pollard Party from proceeding with the Closing and complying with all conditions precedent to the Closing set forth in Article VI or any Accommodation or from performing its obligations under this Agreement or any Ancillary Agreement to which it is a party. For the purposes of this paragraph a “material” action, suit or proceeding shall be an action, suit or proceeding involving a Pollard Party or any Subsidiary of any Pollard Party where the claim in question is in excess of \$1,000,000.00.

(f) Compliance with Other Instruments. The consummation of the transactions hereby contemplated and the compliance with the terms, conditions and provisions of this Agreement and any of the Ancillary Agreements will not: (i) conflict with, or result in a breach of, or constitute a default under any of the terms, conditions or provisions of the certificate of incorporation, shareholder agreement, constating documents or by-laws of any Borrower or Guarantor or any Material Agreement or instrument to which any Borrower or Guarantor is a party or by which it is bound; or (ii) result in or require the creation or imposition of any Lien on any Property of the Pollard Parties (except as permitted by this Agreement).

(g) No Other Material Facts. None of: (i) this Agreement; (ii) any of the Ancillary Agreements; or (iii) any certificate or statement in writing which has been supplied by or on behalf of any Pollard Party by any of the directors, officers, administrators, trustees, agents or employees of any Pollard Party in connection with the transactions contemplated hereby or by any of the Ancillary Agreements contains any untrue statement of a material fact, or omits any statement of a material fact necessary in order to make the statements contained herein or therein not misleading. There is no fact known to any of the Pollard Parties which could, if known to the Agents or any of the Lenders, be material to the decision by an Agent or a Lender to enter into any of the Loan Documents, and which has not been disclosed to the applicable Agent(s) or Lender(s) in writing.

(h) Restrictive Documents. None of the Borrowers or the Guarantors is subject to, or a party to, any restriction in its constating documents or by-laws, any Notice, any Law, any Claim, any contract or instrument, any Lien or any other restriction of any kind or character which would prevent the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement or compliance by any Pollard Party with the terms, conditions and provisions hereof or thereof or the continued operation of the Business after the date hereof on substantially the same basis as operated to the date hereof in each case.

(i) Subsidiaries and Locations. The only Subsidiaries of the Borrowers and Guarantors (and the jurisdictions in which the Borrowers and Guarantors are incorporated or formed to carry on business and the number of shares of each class of Capital Stock or similar equity interests owned by the Borrowers and Guarantors and each other Subsidiary) are listed in Schedule E. The address of each location at which any Borrower or Guarantor carries on business and the address at which any of the Collateral is located is set out in Schedule E. The downstream affiliates of each Borrower and Guarantor (other than Subsidiaries) is set out on Schedule E.

(j) Title to Property. Each Borrower and Guarantor is the sole beneficial owner of, and has a good and marketable title to, and will be lawfully possessed of its Property, including

the Collateral, free and clear of all Liens, except Permitted Liens, and each of the Borrowers and Guarantors has full right to mortgage, pledge, charge and assign to the Agents on behalf of the Lenders the Property mortgaged, pledged, charged or assigned to the Agents on behalf of the Lenders pursuant to the Security Documents as contemplated herein. No Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding or commitment, for the purchase from any of the Borrowers or Guarantors of any of their respective Property, except in the ordinary course of the Business or as otherwise permitted hereunder.

(k) Real Estate. Schedule J contains a complete and accurate list of all Real Estate (in which is specified the legal description and the commonly known address thereof, the use to which such Real Estate is put and the registered and beneficial owner thereof). All of the Real Estate is used in connection with the Business. Except as set out in Schedule J, none of the Real Estate is leased by any Borrower or Guarantor to third parties.

(l) Insurance Policies. All of the Property of the Borrowers and Guarantors, including the Collateral, is insured against loss or damage to the extent, and in the manner, described in Section 8.1(k). The proceeds of such policies are fully payable to the Borrowers and Guarantors, the Agents, the Lenders and others, as the case may be and as more particularly required by Section 8.1(k), as their interests may appear.

(m) No Material Adverse Effect. Since September 30, 2014, no event, condition or circumstance has arisen or is likely to arise which would have a Material Adverse Effect.

(n) Compliance with Laws. Each of the Borrowers and Guarantors is in material compliance with all applicable Laws.

(o) Environmental Disclosure.

(i) Compliance with Environmental Laws. Except as disclosed in Schedule K, the Business has always been and is now being operated, and the Real Estate and any of the Property currently owned by any of the Borrowers or Guarantors (the "Affected Properties") and the Leasehold Real Estate have always been and are now being operated and/or managed by any of the Borrowers and Guarantors and their respective corporate predecessors in material compliance with all Environmental Laws. None of the Borrowers or Guarantors nor, to the best of the knowledge of the Borrowers and Guarantors, any of their respective directors, officers or employers has ever: (i) been convicted of any offence for non-compliance with any Environmental Laws; (ii) been fined or otherwise penalized for non-compliance with Environmental Laws; or (iii) settled any prosecution in respect thereof short of conviction. Without limiting the generality of the foregoing:

- A. *Environmental Permits.* Each Borrower and Guarantor holds, and is conducting the Business in material compliance with, all Environmental Permits which are required for the operation of the Business. All Environmental Permits required for the operation of the Business are valid and in full force and effect and no violations thereof have been experienced, noted or recorded and no proceeding is pending or, to the best of the knowledge of the Borrowers and Guarantors, threatened which will review, make subject to limitations or conditions, suspend, revoke, terminate or limit any of such Environmental Permits;
 - B. *Dealing with Substances.* None of the Borrowers or Guarantors nor their respective corporate predecessors has (1) used any of the Affected Properties or permitted them to be used to generate, manufacture, refine, treat, transport, store, handle, recycle, dispose of, deposit, transfer, produce or process Hazardous Materials, except in compliance with all Environmental Laws; or (2) disposed of, treated, transported and stored any waste or other material Substance, except in compliance with all Environmental Laws;
 - C. *Environmental Reports.* Each of the Borrowers and Guarantors and their respective corporate predecessors has made all reports required by Environmental Laws to all appropriate Governmental Entities on the happening of all events which are required to be so reported pursuant to Environmental Laws; and
 - D. *Record Keeping.* Each of the Borrowers and Guarantors and their respective corporate predecessors has maintained all environmental and operating documents and records relating to the Affected Properties and their business in the manner and for the periods required by all Environmental Laws.
- (ii) *Environmental Liabilities.* Except as disclosed in Schedule K, none of the Borrowers and Guarantors has incurred or is incurring any material liability pursuant to any Environmental Law, including any material Environmental Liabilities and Costs. To the best of the knowledge of the Borrowers and Guarantors, there is no past or present fact, condition or circumstance relating to the Business or the Affected Properties that could result in any material liability or material potential liability under any Environmental Laws. None of the Borrowers or Guarantors nor their respective corporate predecessors has received an Environmental Notice pursuant to, or raising concerns in respect of, any material liability pursuant to any Environmental Laws and, to the best of the knowledge of the Borrowers and Guarantors, there are no reasonable grounds which would give rise to the issuance of any Environmental Notice concerning material liability pursuant to any Environmental Law.

- (iii) Disclosure Regarding Properties. Except as disclosed in Schedule K, none of the Affected Properties: (A) has ever been used by any Person as a landfill site, a waste disposal site, or as a location for the disposal of Hazardous Materials or waste; (B) has ever had any urea formaldehyde foam insulation, asbestos, PCB waste, radioactive substances or underground storage vessels, active or abandoned, located thereon, except in compliance with Environmental Laws; or (C) has ever been subject to a Release of any Hazardous Substance by, or caused or permitted by any of the Borrowers or Guarantors in material violation of Environmental Laws. There are no Hazardous Materials at, in, on or under the Affected Properties at levels or in concentrations in excess of levels or concentrations set out in Environmental Laws.
- (iv) Change of Laws. The Borrowers and Guarantors are not aware of any pending or proposed changes to Environmental Laws other than as publicly announced by any Governmental Entity.
- (v) Policy. Each of the Borrowers and Guarantors has a comprehensive environmental management policy in place and, to the best of the knowledge of the Borrowers and Guarantors, all officers, employees and agents of the Borrowers and Guarantors are complying with such policy in all material respects in relation to the Business. To the best of the knowledge of the Borrowers and Guarantors, all environmental audits, assessments or investigations of the Affected Properties are disclosed in Schedule K.
- (vi) Remedial Action. Except as disclosed in Schedule K, no Remedial Action is currently being taken by any of the Borrowers or Guarantors and no Environmental Notice has been received by any of the Borrowers or Guarantors nor are there any grounds which would give rise to Environmental Notice that any Remedial Action is required to be taken as a condition of continued compliance with any Environmental Permits or Environmental Laws.
- (vii) Site Designated for Clean-Up. None of the Affected Properties is listed or proposed for listing on any list maintained by any Governmental Entity of sites identified for investigation or clean-up pursuant to any Environmental Law, and none of the Borrowers or Guarantors has transported or arranged for the transportation of any Hazardous Materials to, or generated or disposed of any Hazardous Materials present at, any location which is on such a list, which is proposed for listing on such a list or which is the subject of a federal, provincial, state or local enforcement action or other investigation which may reasonably be expected to lead to material Environmental Liabilities and Costs to the Borrowers and/or Guarantors.

Notwithstanding anything contained in this Section 7.1(o), the representations contained in Section 7.1(o) are made to the best of the knowledge of the Borrowers and Guarantors.

(p) Real Property. All of the Buildings and Fixtures: (i) are in good operating condition and in a state of good maintenance and repair (having regard for the use and purpose thereof); (ii) are adequate and suitable for the purposes for which they are presently being used; and (iii) with respect to each (and to the Real Estate), the owner has adequate rights of ingress and egress for the operation of the Business in the ordinary course. To the best of the knowledge of the Borrowers and Guarantors, none of the Real Estate, or the Buildings and Fixtures, nor the use, operation or maintenance thereof for the purpose of carrying on the Business, violates any restrictive covenant or any provision of Law or encroaches in any material respect on any property owned by any other Person. No condemnation or expropriation proceeding has been commenced or, to the best of the knowledge of the Borrowers and Guarantors, is pending or threatened which would preclude or impair the use of any such property or any part thereof for the purposes for which it is currently used. Except as otherwise disclosed on Schedule K, there are no outstanding work orders with respect to any of the Collateral from or required by any municipality, police department, fire department, sanitation, health or safety authorities or from any other Person and there are no matters under discussion with or by the Borrowers or Guarantors relating to work orders. The representations contained in this Section 7.1(p), to the extent they relate solely to the use or operation of the Real Estate or the Leasehold Real Estate or the Buildings and Fixtures thereon by any arm's length predecessor, or the condition or suitability of such Buildings and Fixtures prior to the acquisition from any arm's length predecessor, are made to the best of the knowledge of the Borrowers and Guarantors.

(q) No Breach. All agreements to which any Pollard Party is a party or by which it is bound having liabilities or obligations of any party thereto over a period of one year in excess of \$1,000,000 and all documents listed on Schedule L are herein referred to as the "Material Agreements". On the date of execution of each Future Material Agreement (as defined below in Section 8.1(t)), such Future Material Agreement shall be a "Material Agreement" for the purposes of this Agreement, without the necessity of any further action by any of the parties hereto. Each Material Agreement is in full force and effect, unamended (except for amendments which have been made from time to time in the ordinary course of Business), and there exists no material default or event of default or event, occurrence, condition or act (including the completion of the transactions contemplated under this Agreement and the Ancillary Agreements) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default thereunder or under any other agreement relating to Debt to which any Borrower or Guarantor is a party and which could result in the acceleration of amounts owing by any Borrower or Guarantor under any such agreement (excepting any default or event of default which the applicable Borrower(s) and/or Guarantor(s) are working with reasonable diligence, together with the other party or parties to such Material Agreement or other agreement, as the case may be, to cure). No Pollard Party has violated or breached, in any material respect, any of the terms or conditions of any Material Agreement or any one or more other agreements having, in the aggregate, liabilities or obligations of any party thereto over the term thereof in excess of \$1,000,000 and, to the best of the knowledge of the Borrowers and the Guarantors, all the material covenants to be performed by any other party thereto have been fully performed.

(r) Books and Records. All books and records of each of the Borrowers and Guarantors have been fully, properly and accurately kept and completed in accordance with IFRS and there are no material inaccuracies or discrepancies of any kind contained or reflected therein.

(s) Tax Liability. Except for any Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS shall have been set aside on its books: (i) each of the Borrowers and Guarantors has in a timely manner filed all tax returns, elections, filings and reports with respect to Taxes required by Law to be filed by it and such returns, elections, filings and reports are true, complete and correct; (ii) each of the Borrowers and Guarantors has paid, or reserved in its financial statements, all Taxes which are due and payable, and has paid all assessments and reassessments and all other Taxes, governmental charges penalties, interest and fines due and payable by it; (iii) each of the Borrowers and Guarantors has no liability, contingent or otherwise, for Taxes, except Taxes not now due and payable with respect to ordinary operations during the current fiscal period adequate provision for the payment of which has been made; (iv) each of the Borrowers and Guarantors has paid as and when due all applicable Taxes and remitted as required by Law all applicable Taxes and deductions and any interest or penalties related thereto; and (v) each of the Borrowers and Guarantors has paid all realty Taxes as and when due.

(t) Pension Plans.

- (i) Each Pension Plan is in good standing and is fully funded (if required) and the applicable Borrower or Guarantor is in compliance in all material respects with such plan and all applicable pension benefits and tax laws;
- (ii) All contributions (including employee contributions made by authorized payroll deductions) required to be made to the appropriate funding agency in accordance with all applicable laws and the terms of each Pension Plan have been made in accordance with applicable laws and the terms of such Pension Plan; and
- (iii) No event has occurred and no condition exists with respect to any Pension Plan that has resulted or could reasonably be expected to result in such Pension Plan having its registration revoked or refused for the purposes of any applicable pension benefits or tax laws or being placed under the administration of any relevant pension benefits regulatory authority or being required to pay any taxes or penalties under any applicable pension benefits tax laws except in each case under subsections (i) and (ii) above and this Section 7.1(t)(iii) to the extent that non-compliance with any of the foregoing would not in the aggregate reasonably be expected to have a Material Adverse Effect.

(u) Plans.

- (i) Each of U.S. Borrower, PUSL or PGI and each ERISA Affiliate, as applicable, have operated and administered each Plan in compliance with all applicable Laws except for such instances of non-compliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. None of the U.S. Borrower, PUSL or PGI nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to a Plan, and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by any U.S. Borrower, PUSL or PGI or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of any U.S. Borrower, PUSL or PGI or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or pursuant to such penalty, excise tax, funding or security provisions, including, but not limited to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate likely to have a Material Adverse Effect.
- (ii) The present value of the aggregate benefit liabilities under each of the Plans subject to Title IV of ERISA, determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in Section 4001 of ERISA and the terms "current value" and "present value" have meaning specified in Section 3 of ERISA.
- (iii) None of the Borrowers or Guarantors nor any ERISA Affiliate is or, within the six years preceding the date of this Agreement, has ever been a party to, or has any obligation or liability with respect to, any Multiemployer Plan.
- (iv) The expected amount of unfunded postretirement benefit liabilities of the Borrowers and the Guarantors under the Plans referred to in sections (i) and (ii) above does not exceed \$250,000.
- (v) The execution and delivery of this Agreement and the other Loan Documents will not involve any transaction that is subject to the prohibitions of Title I of ERISA or in connection with which a tax could be imposed pursuant to Section 4975 of the Code.

(v) Control. The Canadian Borrower is "controlled" by PEL and the U.S. Borrower is "controlled" by the Canadian Borrower, in each case, as the term "controlled" is used in the *Canada Business Corporations Act*.

(w) Shareholders. Except as disclosed in Schedule P, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment, right or privilege for the purchase of any Capital Stock of any of the Borrowers or Guarantors, except for any reasonable senior management compensation plan, or to receive payment based on the value of any such Capital Stock. The issued and outstanding Capital Stock of the Borrowers and Guarantors, and the registered and beneficial holders of such Capital Stock are as described in Schedule P.

(x) Liabilities. The Borrowers and Guarantors do not have any liabilities, whether accrued, absolute, contingent or otherwise, of any kind or nature whatsoever, except Permitted Debt, liabilities incurred in the ordinary course of business and of the nature typically identified as liabilities on the liability side of the balance sheet (or in the notes to financial statements) of the Canadian Borrower (on a consolidated basis), liabilities otherwise disclosed to the Agents pursuant to the Loan Documents and except incurred after the date hereof in compliance with the Loan Documents.

(y) Compliance with Securities Laws. The Canadian Borrower has, to the best of the Borrowers' and Guarantors' knowledge, complied and will comply in all material respects with its obligations to file all forms, reports, statements, schedules, proxy statements, information circulars, prospectuses, certifications, and documents required to be filed by the Canadian Borrower with the applicable securities regulatory authorities (as they have been amended since the time of their filing, and including any documents filed as exhibits, annexes or schedules thereto, collectively, the "Reports"), and complete and correct copies of all such Reports are available to the Agents and the Lenders through public sources. Each Report complied in all material respects with the requirements of securities Laws applicable to the Canadian Borrower, as in effect on the date so filed. None of such Reports (including any financial statements, schedules, documents or exhibits included or incorporated by reference therein) or any other document, as of the date of filing pursuant to such securities Laws and none of any amendment or supplement (and, in the case of any proxy statement, information circular, prospectus or like document, at the date mailed to shareholders and at the date of the meeting), contained any misrepresentation (as defined under such securities Laws).

(z) No Default or Event of Default. No Default and no Event of Default has occurred.

(aa) Financial Information. The financial statements of each Pollard Party furnished to the Agents pursuant to this Agreement have been prepared in accordance with IFRS consistently applied, and present fairly the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. All balance sheets, all statements of operations, shareholders' equity and cash flow and all other financial information of each Pollard Party furnished pursuant to Section 8.1(a) have been and will for periods following Closing be prepared in accordance with IFRS consistently applied and do or will present fairly the consolidated financial condition of the Persons covered thereby as at the dates thereof and results of their operations for the period then ended.

(bb) U.S. Taxpayer Status. The IRS form W-9 previously provided by the U.S. Borrower to The Toronto-Dominion Bank, certifying the U.S. Borrower's U.S. taxpayer status

and making withholding taxes inapplicable, is accurate and in full force and effect as of the date hereof.

(cc) Sanctions Concerns. No Pollard Party, nor any Subsidiary, nor, to the knowledge of the Pollard Parties and their Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity currently the subject of any Sanctions, nor is any Pollard Party or any Subsidiary located, organized or resident in a Designated Jurisdiction.

(dd) Regulation H. No Mortgaged U.S. Property is a Flood Hazard Property unless the U.S. Agent shall have received the following: (a) the applicable Pollard Party's written acknowledgment of receipt of written notification from the U.S. Agent (i) as to the fact that such Mortgaged U.S. Property is a Flood Hazard Property, (ii) as to whether the community in which each such Flood Hazard Property is located is participating in the National Flood Insurance Program and (iii) such other flood hazard determination forms, notices and confirmations thereof as requested by the U.S. Agent and (b) copies of insurance policies or certificates of insurance of the applicable Pollard Party evidencing flood insurance reasonably satisfactory to the U.S. Agent and naming the U.S. Agent as loss payee on behalf of the Lenders. All flood hazard insurance policies required hereunder have been obtained and remain in full force and effect, and the premiums thereon have been paid in full.

(ee) Designation as Senior Indebtedness. The Obligations constitute "Designated Senior Indebtedness" or any similar designation (with respect to indebtedness that having the maximum rights as "senior debt") under and as defined in any agreement governing any Pollard Equities Sub Debt and other Subordinated Debt and the subordination provisions set forth in each such agreement are legally valid and enforceable against the parties thereto.

Subject to Section 6.2(c), each of the representations and warranties contained in this Section 7.1 shall be deemed to be continually repeated by the Borrowers and the Guarantors at the time of each Accommodation.

7.2 Survival of Representations and Warranties.

All the representations and warranties of the Borrowers and Guarantors contained in Section 7.1 shall survive the execution and delivery of this Agreement and shall continue in full force and effect until all amounts owing hereunder have been repaid and the Credit Facilities have been terminated notwithstanding any investigation made at any time by or on behalf of the Agents or the Lenders.

7.3 No Representations by Lenders.

No representation, warranty or other statement made by an Agent or any one or more of the Lenders in respect of the Credit Facilities or any Accommodations made hereunder shall be binding on such Agent or Lender unless made by it in writing as a specific amendment to this Agreement.

ARTICLE VIII COVENANTS

8.1 Affirmative Covenants.

So long as any amount owing under the Loan Documents remains unpaid or any of the Lenders has any Commitment under this Agreement, and unless the Agents, upon direction from the Lenders, shall otherwise consent, each of the Borrowers and Guarantors shall:

(a) Financial Reporting and Deliveries. Cause to be delivered to the Canadian Agent and the U.S. Agent sufficient copies for delivery to the Lenders of the following documents, in form and substance satisfactory to the Canadian Agent, the U.S. Agent and the Lenders, acting reasonably:

Consolidated Annual Financial Statements

- (i) within one hundred and twenty (120) days after the end of each Financial Year, the audited consolidated financial statements (including, at a minimum, a balance sheet, income statement and a statement of cash flow) of the Canadian Borrower for such Financial Year, subject to an opinion of the Auditors, together with the Management's Report, which shall certify such statements as to fairness in accordance with IFRS and as to consistency (or exceptions therefrom);

Consolidated Quarterly Financial Statements

- (ii) within forty-five (45) days after the end of each Financial Quarter (excluding the last Financial Quarter of a Financial Year), the unaudited consolidated financial statements (including, at a minimum, a balance sheet, income statement and a statement of cash flow) of the Canadian Borrower for such Financial Quarter as of the end of such Financial Quarter;

Unaudited Annual Financial Statements

- (iii) within one hundred and twenty (120) days after the end of each Financial Year, the unaudited consolidated annual management prepared financial statements (including, at a minimum, a balance sheet and income statement) of the U.S. Borrower, prepared in accordance with IFRS;

Budget and Business Plan

- (iv) within one hundred and twenty (120) days following the end of each Financial Year of the Canadian Borrower, the Business Plan, including a budget of the Canadian Borrower, for the following three Financial Years. The budget included in the Business Plan for each Financial Year shall

include, at a minimum, a projected balance sheet, a projected income statement broken down quarterly among reporting segments as determined by IFRS, a cash flow statement for the next three Financial Years, a Capital Expenditures budget including assumptions, and *pro forma* financial covenant calculations, broken down quarterly, including assumptions.

(b) Additional Reporting and Deliveries. Cause to be delivered to the applicable Agent sufficient copies for delivery to the applicable Lenders, respectively, of the following documents, in form and substance satisfactory to such Agent and Lenders acting reasonably:

- (i) together with each delivery of financial statements referred to in Section 8.1(a), a Compliance Certificate of the Chief Financial Officer of the Canadian Borrower, together with detailed calculations relating to such Compliance Certificate;
- (ii) promptly upon receipt thereof, a copy of each environmental report or audit submitted to the board of directors (or any committee thereof) or senior management of any of the Pollard Parties and which discloses a need for material Remedial Action;
- (iii) promptly after the occurrence of each Default or Event of Default, a statement of the Chief Financial Officer of each of the Pollard Parties setting forth the details of such Default or Event of Default and the action which such parties propose to take or have taken with respect thereto;
- (iv) promptly after the commencement thereof, notice of Claims which have been commenced (notice of which has been served on any of the Pollard Parties), or to the best of the knowledge of any of the Pollard Parties, have been commenced (notice of which has not been served on any of the Pollard Parties) or are pending or threatened affecting any of the Pollard Parties or any of their respective Property, for amounts which exceed \$1,000,000 in the aggregate at any time;
- (v) promptly after the occurrence of any material adverse development with respect to any Claims referred to in Section 8.1(b)(iv), and in any event within three (3) days after any of the Pollard Parties obtains knowledge of the occurrence thereof, notice thereof, and, to the extent either Agent requests, copies of all documentation relating thereto;
- (vi) promptly upon request of an Agent, evidence of the maintenance of all insurance required to be maintained by Section 8.1(k), including such originals or copies as such Agent may request of policies, certificates of insurance, riders and endorsements relating to such insurance and proof of premium payments;

- (vii) promptly upon request of an Agent, in respect of each Financial Year, evidence of the payment of all realty Taxes by each Borrower and Guarantor;
- (viii) promptly upon the issuance thereof and contemporaneously with the distribution to security holders of the Canadian Borrower, copies of all Notices, reports, press releases, circulars, financial statements, offering documents and other documents filed by any Pollard Party with any securities commission or stock exchange or distributed to holders of the Canadian Borrower's Shares or other securities;
- (ix) promptly following the mailing or receipt of any Notice or report, and immediately upon becoming aware of any default, event of default or demand for payment under the terms of any Debt of any of the Borrowers and/or Guarantors, all information pertaining to such default or demand, such as the date of the default or demand, the amount demanded, and the facts and circumstances which caused such default or demand and copies of such Notice or report;
- (x) upon becoming aware of: (i) the institution of any steps by any Person to terminate any Plan subject to Title IV of ERISA; (ii) the failure to make a required contribution to any Plan if such failure is sufficient to give rise to a Lien under Section 302 of ERISA or Section 412 of the Code; (iii) the taking of any action with respect to a Plan subject to Title IV of ERISA which could result in the requirement that any of the Pollard Parties furnish a bond or other security to the Pension Benefit Guaranty Corporation (the "PBGC"), or such Plan; (iv) the occurrence of any event with respect to any Plan which could result in the incurrence by any of the Pollard Parties of any material liability, fine or penalty; (v) notification that any Plan or related trust is under examination by the United States Internal Revenue Service, Department of Labour, or the PBGC; (vi) notice of any pending, threatened or anticipated claims (other than routine claims for benefits) by, on behalf of, or against an Pollard Party with respect to any Plan or related trust; (vii) with respect to any Plan subject to Title IV or ERISA, any reportable event, as defined in Section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations; (viii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by any of the Pollard Parties or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or (ix) any event, transaction or condition that could result in the incurrence of any liability by any of the Pollard Parties or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to any Plan, or in the imposition of any Lien on any of the rights, properties or assets of

any of the Pollard Parties or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expect to have a Material Adverse Effect, notice thereof and copies of all documentation relating thereto within five (5) Business Days;

- (xi) all purchase and sale agreements, financial statements, cash flows, budgets, . environmental assessments, appraisals and all such other documentation reasonably requested by any Agent or Lender, for Permitted Acquisitions;
- (xii) such other information, security, reports and other documentation relating to any of the Pollard Parties, their respective Property (including the Collateral), or the Business, as either Agent, any of the Lenders or their solicitors may from time to time reasonably request.

(c) Corporate Existence. Preserve and maintain and keep in full force and effect its corporate existence, rights (charter and statutory) and its agreements, licenses, operations, contracts, franchises and other arrangements necessary to carry on the Business.

(d) Compliance with Laws and Governmental License Fees. Comply in all material respects with the requirements of all applicable Laws, including Environmental Laws and all Governmental Licenses issued to and held by the Pollard Parties, where a failure to comply with such applicable Laws individually or in the aggregate will result in a Material Adverse Effect.

(e) Payment of Taxes, Claims and Governmental License Fees. Pay and discharge before the same shall become delinquent: (i) all Taxes, governmental assessments, charges or levies and Claims imposed upon it or upon any of its Property, income or franchises; (ii) all lawful Claims which, if unpaid, might by Law become a Lien upon its Property, in each case except for any such Tax, assessment, charge, levy or Claim which would result in a Lien which is a Permitted Lien; and (iii) all fees payable to Governmental Entities or other authorities in connection with all Governmental Licenses issued to and held by the Pollard Parties, in each case unless such Taxes, assessments, charges, levies, claims or fees are being contested in good faith by appropriate legal proceedings and appropriate reserves are made or adequate security has been provided to the Lenders to ensure the payment of such Taxes, assessments and charges, levies, claims or fees.

(f) Keeping of Books. Keep proper books, records and accounts, in which full and correct entries shall be made of all financial transactions of it and each of its Subsidiaries in accordance with IFRS.

(g) Visitation and Inspection. At any reasonable time or times and upon reasonable prior notice given to a Borrower by the Canadian Agent or U.S. Agent, permit the Agents, the Lenders or any of their authorized representatives, full and reasonable access to the premises of

each or any of the Pollard Parties and obtain any consents and waivers from any Person necessary, in the reasonable opinion of the Agents to ensure such access, and to all Property of the Pollard Parties (including the Collateral) and to discuss the business, affairs, finances and accounts of, and the compliance with the terms of this Agreement and the Ancillary Agreements by, the Pollard Parties with the management thereof and the Auditors and in the case of the Canadian Agent or the U.S. Agent, as the case may be, on behalf of the Lenders, full and reasonable access to all business, financial and computer records of the Pollard Parties and to take copies of such records, and to reimburse the Canadian Agent or the U.S. Agent, as the case may be, for all reasonable costs and expenses incurred by such Agent in connection with an annual visit, if reasonably required by the Canadian Agent or the U.S. Agent, as the case may be, to protect its and the Lenders' rights and interests under the Loan Documents, to all of the premises where the Pollard Parties carry on the Business, including all reasonable travel and lodging expenses.

(h) Environmental Reporting. Promptly, and in any event within ten (10) days of becoming aware of its existence, notify the Agents in writing of any Notice or other facts or circumstances or state of affairs (providing details of any actions taken by the Pollard Parties in response) which could reasonably be expected to give rise to: (i) material Environmental Liabilities and Costs; or (ii) any material violation of Environmental Laws involving the possible imposition of a material fine or the shutting down of any material facility forming part of the Property of any Pollard Party for any period.

(i) Environmental Audits. Promptly, if requested by an Agent, upon direction from the Lenders, and upon reasonable prior notice given to the applicable Borrower by the Agent: (i) if a Default has occurred and is continuing or the Canadian Agent, the U.S. Agent or the Lenders have a good faith concern as to the financial condition of either Borrower, conduct at its own expense environmental audits having a scope acceptable to the Agents upon direction from the Lenders, with respect to the potential liability under applicable Environmental Laws of the Pollard Parties, of their respective Real Estate and Leasehold Real Estate (subject to obtaining any consent of the landlord of such Leasehold Real Estate which is required in order to comply with the foregoing, which the Borrowers and Guarantors hereby agree to make reasonable efforts to obtain) or other Property, and the Business, such environmental audits to be conducted by an Environmental Auditor, and provide copies of such environmental audits to the Agents which environmental audits shall be addressed to the Canadian Agent, the U.S. Agent and the Lenders and accompanied by a written authorization from such Environmental Auditor entitling the Agents and the Lenders to rely on such audits; (ii) if the Agents or the Lenders have a good faith concern that there is any material non-compliance by any Pollard Party with Environmental Laws, conduct such environmental audits concerning alleged non-compliance as the Canadian Agent or the U.S. Agent, as the case may be, upon direction from the Lenders, may require, such audits to be conducted by an Environmental Auditor, and provide copies of such environmental audits to the Agents which environmental audits shall be addressed to the Canadian Agent, the U.S. Agent and the Lenders and accompanied by a written authorization from such Environmental Auditor entitling the Canadian Agent, the U.S. Agent and the Lenders to rely on such audits; and (iii) diligently remedy any material non-compliance with Environmental Laws revealed by any such audit.

(j) Condition of Property. Keep its Property in all material respects in commercially reasonable good repair, working order and condition (reasonable wear and tear excepted) and with regard to the use and purpose of such property and, from time to time, make all necessary repairs, renewals, replacements, additions and improvements thereto.

(k) Insurance.

(i) Maintain in force with reputable and creditworthy insurers, insurance coverage of the nature and kind and in such amounts as is customary and prudent for companies engaged in the same or similar business in the same jurisdiction as the Pollard Parties, respectively, including for greater certainty: (i) broad form all risk property damage and boiler and machinery insurance, including business interruption coverage; (ii) third party liability insurance which shall include product and warehouseman's liability coverage; and (iii) flood hazard insurance on each Mortgaged U.S. Property that is a Flood Hazard Property, on such terms and in such amounts as required by the National Flood Insurance Reform Act of 1994 or as otherwise required by the U.S. Agent. All such insurance of the Borrowers and Guarantors shall be in such form and scope as the Canadian Agent or the U.S. Agent, upon direction from the Lenders, may reasonably require, shall contain the Insurance Bureau of Canada standard mortgage clause or U.S. equivalent and shall name the Canadian Agent and the U.S. Agent as its interests may appear, as loss payees in respect of property damage insurance covering the Collateral and as additional named insureds in respect of third party liability insurance. All such insurance shall also provide that: (A) if it is cancelled or amended in any adverse respect, or the same is allowed to lapse for non-payment of premium, the cancellation, amendment or lapse shall not be effective as to the Canadian Agent and the U.S. Agent for thirty (30) days after receipt by them of notice of such cancellation, amendment or lapse from the insurers, or as otherwise agreed by the Canadian Agent and the U.S. Agent, upon direction from the Lenders; and (B) in respect of the interest of the Canadian Agent and the U.S. Agent in such insurance, the insurance shall not be invalidated by any action or inaction of the Canadian Agent or the U.S. Agent. Each insured Borrower and Guarantor shall use its best efforts to cause such insurance to also provide that the insurers waive all rights of defence, set-off, counterclaim or abatement, legal or equitable, against the Canadian Agent and the U.S. Agent in connection with the obligations of the insureds to make payments under such insurance but without prejudice to the insurers' right to maintain a separate action against the named insured for any unpaid premium with respect to such insurance;

(ii) Cause the insurance proceeds under all property insurance policies and, if appropriate, all other policies required to be maintained hereunder to be made payable to the Canadian Agent or the U.S. Agent, as applicable, as their respective interests may appear. Subject to Section 2.6(i), the net proceeds received by the Agents (after deducting any expenses incurred in

a collection or handling of such proceeds) under any property insurance policies shall be applied as follows:

- A. if an Event of Default shall have occurred and is continuing, the entire net proceeds of any insurance claim received by the applicable Agent shall, at the option of the Lenders, be applied towards repayment of the Credit Facilities whether then due or not without any prepaid penalty; or
 - B. if no Event of Default shall have occurred and be continuing and so long as (1) the insurance proceeds are sufficient to fully restore the Collateral, and (2) the Borrowers are able, whether from proceeds of business interruption insurance or otherwise, to continue to make the principal and interest payments owing hereunder when due and payable, then the net proceeds of any claim of less than \$1,000,000 shall be released to the applicable Borrower to be used solely for repairing and restoring the Collateral which is subject to the claim (or claims), and the net proceeds of any claim of more than \$1,000,000 shall be held by the applicable Agent for the benefit of the Borrowers and shall be advanced from time to time, but not more often than weekly, against such requisition or other evidence of restoration or repair of the Collateral which is subject to the claim (or claims), including architects' or engineers' certificates and copies of invoices for work and materials used in connection therewith, as the applicable Agent may, in its sole discretion, reasonably require. In no event, however, shall any advance of any such proceeds be made which will result in the funds remaining with the Agents or payable to the Lenders under the policies being less than the cost of completion or restoration of the Collateral as estimated by an architect or engineer satisfactory to the Agents. If, upon completion of restoration of the Collateral there remains funds with either Agent, such Agent shall release the remaining funds to the Borrowers. Neither any Agent nor any Lender shall be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure. The foregoing provisions shall apply *mutatis mutandis* to any proceeds of expropriation or condemnation of the Collateral or any part thereof.
- (iii) Proceeds of liability insurance shall be paid to the person to whom the affected Borrower or Guarantor is liable and the proceeds of business interruption insurance shall be paid to the affected Borrower or Guarantor; provided that such proceeds are used to carry on the Business or otherwise in accordance with this Section 8.1(k).

(l) Protect Liens. At all times take all action and supply the Canadian Agent and the U.S. Agent with all information necessary to create, maintain, perfect, protect and preserve the Liens provided for under the Security Documents and confer upon the Agents and the Lenders the security interests intended to be created thereby.

(m) Payments. Pay all amounts of principal, interest, fees, costs and expenses on the dates, at the times and at the places specified in this Agreement or under any other Loan Document.

(n) Use of Proceeds. Apply the proceeds of the Credit Facilities only in accordance with Section 2.4.

(o) Reporting Issuer Status. In the case of the Canadian Borrower (i) maintain its status as a reporting issuer in good standing, and (ii) maintain the listing of the Canadian Borrower's Shares on the TSX Venture Exchange or Toronto Stock Exchange.

(p) Mortgages. Cause the Borrowers and Guarantors to execute and deliver to the applicable Agent, mortgages, deeds of trust or agreements securing the Obligations, under which a Lien is granted on the Real Estate and any related fixtures as indicated on Schedule J, together with, in the case of Real Estate located in the United States, customary mortgagee's title insurance policies in amounts, in form and substance (including, without limitation, a revolving credit endorsement) and issued by reputable and creditworthy insurers and such policies shall be accompanied by evidence of the payment in full of all premiums thereon. Cause the Borrowers and Guarantors to execute and deliver to the applicable Agent, upon request, mortgages, deeds of trust or agreements securing the Obligations, under which a Lien is granted on the Leasehold Real Estate and any related fixtures (subject to obtaining any consent of the landlord of such Leasehold Real Estate which is required in order to comply with the foregoing, which the Borrowers and Guarantors hereby agree to make reasonable efforts to obtain), as required by the applicable Agent, together with, in the case of Leasehold Real Estate located in the United States, customary mortgagee title insurance policies in amounts, in form and substance (including, without limitation, a revolving credit endorsement) and issued by reputable and creditworthy insurers and such policies shall be accompanied by evidence of the payment in full of all premiums thereon.

(q) Intentionally deleted.

(r) Payment of Preferred Claims. Pay all amounts related to Taxes, wages, vacation pay, severance pay, termination pay, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in a Lien under applicable Law, other than a Permitted Lien, whether or not entitled to priority over the Security Documents.

(s) Construction Liens. Comply with the provisions of *The Builders' Liens Act* (Manitoba) and corresponding legislation of other jurisdictions and pay from time to time when the same shall be due, all claims and demands of contractors, subcontractors, labourers, suppliers of materials, builders, workmen and others, which if unpaid, might result in, or permit the

creation of, a privilege of Lien on the Property of any of the Borrowers or Guarantors or any part thereof or on the revenues, income and profits arising therefrom; if a material construction lien or other similar Lien is registered against title to any Property of the Borrowers or Guarantors, promptly pay and discharge same; if the applicable Borrower or Guarantor bona fide disputes the validity or correctness of a registered Lien it may contest such Lien in any manner properly contemplated by applicable Law; provided it promptly discharges or vacates, or causes to be discharged or vacated, the Lien from the title to the Property by posting of a payment bond in such amount, or by payment in court of such amount, as is necessary to obtain such removal or otherwise posting such security as may be acceptable to the applicable Agent, upon direction from the Lenders.

(t) Material Agreements. Comply in all material respects, with the provisions of all Material Agreements and Future Material Agreements (as defined below). In respect of each Material Agreement executed after the date hereof (each a "Future Material Agreement"), provide to the applicable Agent: (i) a certified copy of each Future Material Agreement (except if it is a customer contract), certified by an officer of each Pollard Party that is a party thereto; and (ii) written consent if required by the terms of the Future Material Agreement (dated as of the date of such Future Material Agreement) to the assignment of such Future Material Agreement (except if such Future Material Agreement qualifies as Non-Mortgagable Collateral) to the applicable Agent, as security from each party to such Future Material Agreement that is not a Borrower or Guarantor, in form and substance satisfactory to the applicable Agent, in its sole discretion.

(u) Notice of Defaults. Immediately notify the Agents: (i) of any Event of Default or pending Event of Default, or of any material default (either by a Pollard Party or by any other party) under any Material Agreement, or of any event which, with or without the giving of notice, lapse of time or any other condition subsequent, would be a material default under or would otherwise allow the termination of any Material Agreement and shall from time to time provide the Lenders with all information reasonably requested by any of the Lenders concerning the status thereof; (ii) on becoming aware of the occurrence of any litigation, dispute, arbitration, proceeding, labour or industrial dispute or other circumstance affecting it, the result of which if determined adversely would have a Material Adverse Effect on the ability of any Pollard Party to perform its obligations under this Agreement, or the Ancillary Documents to which it is or will be a party, and from time to time to provide the applicable Agent(s) with all reasonable information requested by any of the Lenders concerning the status thereof; (iii) of any event which may result in a Material Adverse Effect on the financial condition, business, operations or prospects of any Pollard Party.

(v) Acquisitions. Prior to making any Permitted Acquisition, will ensure and provide written documentation to the Agents which confirms that it will be in compliance with all terms, conditions and covenants hereunder on completion of the proposed Permitted Acquisition.

(w) Continue Business. Continue to carry on the Business.

(x) Further Assurances. At its cost and expense, upon request of an Agent, duly execute and deliver or cause to be duly executed and delivered to the Agents, or any of the

Lenders, such further instruments and other documents and do and cause to be done such further acts as may be necessary or desirable in the opinion of the Agents acting reasonably, to carry out more effectively the provisions and purposes of the Loan Documents.

(y) Capital Expenditures Budget. Obtain the approval of the Majority Lenders to the Capital Expenditures budget for each Financial Year.

(z) Replacement of Assets. Use the proceeds of any sale of assets made outside the ordinary course of business not prohibited by this Agreement for general corporate and operating purposes.

8.2 Negative Covenants.

So long as any amount owing under the Loan Documents remains unpaid or any of the Lenders has any Commitment under this Agreement and unless the Agents, upon direction from the Majority Lenders or Lenders, as the case may be, shall otherwise consent in writing, each of the Borrowers and the Guarantors agree not to:

(a) Business Activity. Engage in any business activity except the Business.

(b) Liens. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on the Property of any Borrower or Guarantor, except Permitted Liens and Liens which secure or otherwise represent indebtedness or other obligations incurred and payable in the ordinary course of Business which do not exceed, in the aggregate in respect of all of the Borrowers and Guarantors at any particular time, \$1,000,000.

(c) Disposal of Property. Dispose of any of its Property, other than Inventory in the ordinary course of business, if, subject to Section 2.6(f), Disposed Property, based upon the higher of book value and fair market value, exceeds \$500,000 in any single Financial Year.

(d) Sale and Leaseback. Enter into directly or indirectly, any Sale-Leaseback Transaction.

(e) Debt. Create, incur, assume or suffer to exist directly, contingently or otherwise, any Debt, other than: (i) Debt to the Lenders hereunder or pursuant to Hedging Transactions with the Lenders or any one of them; (ii) Intercompany Debt; (iii) unsecured liabilities (which for greater certainty are not the result of borrowing) incurred and payable in the ordinary course of the Business and not represented by any note, bond or debenture, including any management or transfer fees or other administrative charges charged between any of the Borrowers and Guarantors in the ordinary course of the Business (subject to Section 8.2(i)) (the "Intercompany Charges"); (iv) Guarantees included in the Security Documents, guarantees from each of PGI and PUSL in favour of the Canadian Borrower of the Twenty-Eight Million (\$28,000,000) Dollar loan owed by the U.S. Borrower to the Canadian Borrower or guarantees otherwise permitted hereunder; (v) any other Debt incurred after the date hereof and subordinated to the Obligations, on terms acceptable to the applicable Agent and its counsel, where the Net Debt

Proceeds are applied in accordance with Section 2.6(g); (vi) Permitted Debt; (vii) Debt to bonding companies in the ordinary course of Business; (viii) indebtedness or other obligations incurred and payable in the ordinary course of Business which do not exceed, in the aggregate in respect of all of the Borrowers and Guarantors at any particular time, \$1,000,000; and (ix) without limiting the foregoing, no Borrower or Guarantor shall enter into Hedging Transactions for speculative purposes nor in amounts in excess of the Rate Hedging Limit, the FX Hedging Limit or the Commodity Hedging Limit, as applicable.

(f) Mergers. Enter into any transaction (whether by way of Disposition, reorganization, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its Property would become the property of any other Person, or any Person resulting or continuing from such transaction, if such transaction would result in an Event of Default.

(g) Guarantees and Indemnities. Guarantee or indemnify or give financial assistance in respect of, or incur any Contingent Liability in respect of, any Debt or any other obligations or liabilities of any other Person at any time other than: (i) Debt or indemnities to the Lenders hereunder; (ii) any guarantee or indemnity which is granted in favour of a Borrower or Guarantor in the ordinary course of the Business or is otherwise permitted hereunder; (iii) any guarantee or indemnity which is granted in favour of a bonding company in the ordinary course of Business, in respect of a litigation, bid or performance bond obtained by a Borrower or Guarantor in the ordinary course of Business.

(h) Investments. Make or commit to make any direct or indirect Investment, except: (i) Investments having a Permitted Rating; (ii) financial Investments which do not have a Permitted Rating provided that there is no breach of the ten percent (10%) maximum described in Section 8.2(s); (iii) Permitted Acquisitions; (iv) an Investment which has been approved by the Agents, upon direction from the Majority Lenders, acting reasonably; or (v) Intercompany Debt and other Debt permitted by Section 8.2(e) or 8.2(g).

(i) Transactions with Insiders. Directly or indirectly purchase, acquire or lease any Property from, or sell, transfer or lease any Property to, or enter into any other arrangements or transactions with any shareholder, director, officer, agent or employee of any Pollard Party, any relative thereof, or any affiliate of any one or more of such Persons, except: (i) for any purchase, sale, acquisition, transfer, lease, arrangement or transaction at prices and on terms not less favourable to the Pollard Party, as the case may be, than those which would have been obtained in an arm's-length transaction with a non-affiliated third party, including the leases for the premises located at 504 - 34th Avenue, Council Bluffs, Iowa, 140 Otter Street, Winnipeg, Manitoba and 1499 Buffalo Place, Winnipeg, Manitoba, existing as of the date hereof; (ii) employment agreements with employees on terms not less favourable to the Pollard Party, as the case may be, than those which would have been obtained in an arm's length transaction with a non-affiliated third party, including the employment agreements of the Chief Executive Officers of the Canadian Borrower existing as of the date hereof; (iii) the participation of directors, officers and key senior management of any Pollard Party in the option plan of the Canadian Borrower, which is intended to provide eligible participants with compensation opportunities that encourage ownership of the Canadian Borrower's Shares, enhance the Pollard Parties' ability to

attract, maintain and motivate key personnel, and reward directors, officers, and key senior management for significant performance of any Pollard Party; and (iv) the provision of accounting services transactions provided to PEL, its principals and its Affiliates with an aggregate value not exceeding \$150,000 per annum.

(j) Corporate Distributions. (i) Permit any redemption or repurchase of any of the Canadian Borrower's Shares; nor (ii) make or commit to make any Corporate Distributions after the occurrence of a Default or Event of Default or if a Default or Event of Default would occur as a result of such Corporate Distribution; nor (iii) make, or commit to make any Corporate Distributions, in any other circumstances if, after the making of such Corporate Distributions, the Pollard Parties will not be able to meet their obligations under the Loan Documents, including payment obligations and compliance with the financial covenants in Section 8.3.

(k) Financial Year and Auditors. Change or permit any of its Subsidiaries to change its Financial Year end or the Auditors without prior written notice to the applicable Agent.

(l) Change in Incorporation or Business or Authorized and Issued Capital. (i) Make: (A) any material change in the Business; (B) any change in the constating documents or by-laws delivered to an Agent which would amend the authorized shares, units or other equity securities of any of the Borrowers or Guarantors; or (C) any change in the provisions of any of the Borrowers or Guarantors authorized shares, units or other equity securities; or (D) any change which would otherwise be detrimental to the rights or interests of the Agents or any of the Lenders under any of the Loan Documents; nor (ii) issue any Capital Stock that would cause a Default or Event of Default to occur.

(m) Change in Location of Inventory or Records. Maintain Inventory (except Inventory held on a consignment basis, Inventory purchased by, but not yet delivered to, a Borrower or Guarantor and Inventory in transit) or any records relating to the Accounts at any location other than the locations currently listed in Schedule E, each of which location is owned or leased by a Borrower or Guarantor, without the prior written consent of the applicable Agent, upon direction from the Majority Lenders.

(n) Transfer of Collateral. Move or otherwise transfer any Collateral (except for transfers of Collateral to customers in the ordinary course of Business) to any location other than the locations listed in Schedule E, without the prior written consent of the applicable Agent, upon direction from the Majority Lenders.

(o) Material Agreements. Amend, supplement, terminate or waive, or enter into any forbearance from exercising any rights with respect to, any of the terms of any Material Agreement or permit any Subsidiary to take any such action, if any such action would have a Material Adverse Effect, except with the prior approval of the applicable Agent, upon direction from the Majority Lenders, except in the ordinary course of business so long as a copy of such amendment, supplement, termination or waiver is delivered to the applicable Agent.

(p) Change of Control. Permit any Change of Control.

(q) Change in Corporate Structure. Permit any material changes to the corporate structure of the Pollard Parties' corporate group as of the date hereof, except for the formation of Restricted Subsidiaries.

(r) Capital Expenditures. Permit Capital Expenditures in any Financial Year of the Borrowers and Guarantors, on a consolidated basis, to exceed the budgeted amount of Capital Expenditures set out in the annual budget for such Financial Year delivered to the Agents and the Lenders pursuant to Section 8.1(a) hereunder by 10% or more without prior approval from the Lenders, provided that such Capital Expenditures may exceed such limit to the extent financed by new equity. Notwithstanding the foregoing, the purchase of the Tresu Press by the Canadian Borrower will continue to be a permitted Capital Expenditure providing the remainder of the purchase price payable is financed from the Borrowers' cash flow from operations.

(s) Limit on Certain Expenses. In any trailing twelve (12) month period undertake any acquisition of a business, whether by way of amalgamation, share purchase, asset purchase or otherwise, or make any financial Investment where the aggregate cost of such acquisitions, and of financial Investments which do not have a Permitted Rating, is greater in the aggregate than 10% of the Canadian Borrower's most recently reported quarter ending Consolidated Net Tangible Assets, without obtaining the prior written approval of the Lenders, which consent shall not be unreasonably withheld.

(t) Hedging. Enter into any hedging activities with anyone other than one of the Lenders.

(u) Bank Accounts. Except for accounts existing as of the date of this Agreement at Wells Fargo Bank (for PGI), U.S. Bank (for PGI), The Bank of Nova Scotia (for NACA KO SDN BHD), Oriental Bank (for PBL of Puerto Rico, Inc.), open or maintain a bank account with another financial institution without the Majority Lenders' written consent, such consent not to be unreasonably withheld.

(v) Termination of Lease. Terminate or enter into a surrender of any lease of any real Property specifically mortgaged under the Security Documents.

(w) Loans. Advance funds by way of a loan, or by way of similar or analogous means, to any Person, except: to a Borrower or Guarantor which is directly or indirectly wholly-owned by a Borrower; or to employees as otherwise permitted hereunder, so long as no Default or Event of Default has occurred or would occur as a result of such loan or Corporate Distribution.

(x) Sanctions. Directly or indirectly, use any Accommodation or the proceeds of any Accommodation, or lend, contribute or otherwise make available such Accommodation or the proceeds of any Accommodation to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any

Person participating in the transaction, whether as Lender, Agent, BA Lender, Issuing Lender, or otherwise) of Sanctions.

8.3 Financial Covenants.

So long as any amount owing under the Loan Documents remains unpaid or any of the Lenders has any Commitment under this Agreement, and unless the Agents, upon direction from the Lenders shall otherwise consent, the Borrowers agree that they shall not:

(a) Permit, as at the end of each Financial Quarter, the Total Debt Service Coverage Ratio to be less than 1.00:1.

(b) Permit, at any time, the Leverage Ratio to exceed the Leverage Ratio Maximum; provided, however, from and after the date of any Permitted Acquisition and subject to the approval of the Lenders set out below, the Consolidated EBITDA of the Canadian Borrower (for the purposes of this financial covenant only) shall: (i) include the most recent actual Consolidated EBITDA attributable to such Permitted Acquisition, including such pre-acquisition Consolidated EBITDA occurring prior to the date of such acquisition (the "Pre-Acquisition EBITDA") as is necessary to permit the Canadian Borrower to include one full year of Consolidated EBITDA attributable to such Permitted Acquisition in its calculation of the Leverage Ratio; (ii) if such acquisition is a purchase of an asset which replaces a leased asset, include the aggregate of the payments expensed on the lease of such leased asset in the twelve (12) months immediately preceding the month in which the purchased asset, which replaces the leased asset, is acquired; and (iii) exclude the most recent actual Consolidated EBITDA attributable to any divestitures occurring prior to the date of such Permitted Acquisition ("Excluded EBITDA") as is necessary to exclude one full year of Consolidated EBITDA attributable to such divestitures. To the extent that any Pre-Acquisition EBITDA is included in or Excluded EBITDA is excluded from a calculation of the Leverage Ratio, the Canadian Borrower shall deliver the externally prepared statements prepared in accordance with IFRS (if applicable) evidencing such Pre-Acquisition EBITDA and/or Excluded EBITDA, as the case may be, to the Agents along with the applicable Compliance Certificate. Use of any Pre-Acquisition EBITDA and the quantum of Excluded EBITDA to calculate the Leverage Ratio is subject to the approval of the Lenders and any adjustments to actual Pre-Acquisition EBITDA or Excluded EBITDA shall require consent of the Lenders.

(c) Permit, at any time, the Current Ratio to be less than 1.25:1.

ARTICLE IX SECURITY

9.1 Security.

(a) The Borrowers and the Guarantors have executed and delivered and shall execute and deliver, and have caused and shall cause their Subsidiaries to execute and deliver, the Security Documents in form and substance satisfactory to the applicable Agent, acting

reasonably, as and when required hereunder or under the Ancillary Agreements, as continuing collateral security for the due, prompt and complete payment, performance and satisfaction by the Borrowers and the Guarantors of all of their indebtedness, liabilities and obligations of every nature whatsoever (whether present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time due or accruing due, wheresoever and howsoever incurred, including any ultimate unpaid balance thereof, in any currency, and whether incurred prior to, at the time of or subsequent to the execution of this Agreement) to: (i) the Agents and/or the Lenders, in connection with this Agreement, the Loan Documents and any Secured Cash Management Agreements; (ii) each of the Lenders in connection with any Hedging Transactions (subject to the limitations described in (b) below), and (iii) such other indebtedness, liabilities and obligations owed to any Lender or Agent (collectively the "Obligations"); provided that the "Obligations" of a Guarantor shall exclude any Excluded Swap Obligations with respect to such Guarantor. Each Pollard Party, each Agent and each Lender agrees that Excluded Swap Obligations with respect to any Guarantor (i) shall not be included within the "Guaranteed Obligations" or "Obligations" under any Guarantee, (ii) shall not be included within the "Secured Obligations", "Obligations" or "Obligations Secured" under any Security Document and (iii) shall not be paid with amounts received from such Guarantor or such Guarantor's assets.

(b) Unless otherwise agreed by the Agents upon direction from all of the Lenders, the aggregate notional amount of Interest Rate Hedging Transactions, Currency Hedging Transactions and the Commodity Hedging Transactions (excluding options in favour of the Borrowers and Guarantors which create no liability to them) which will be Obligations and will be secured by the Security Documents on a *pari passu* basis with all other Obligations shall not exceed Cdn\$60 million or the U.S. Dollar equivalent (the "Rate Hedging Limit"), U.S.\$60 million (the "FX Hedging Limit") and U.S.\$5 million (the "Commodity Hedging Limit"), respectively. If an Interest Rate Hedging Transaction does not exceed the Rate Hedging Limit on the date it is entered into, it cannot be considered to exceed the Rate Hedging Limit for the purposes of determining under this Section 9.1(b) whether the Rate Hedging Limit has been exceeded and any amount by which the Rate Hedging Limit has been exceeded will be secured by the Security Documents on a *pari passu* basis with all other Obligations at any later date due to currency fluctuations. In the case of Currency Hedging Transactions with a notional amount denominated in a currency other than U.S. Dollars, the notional amount shall be converted to U.S. Dollars on the date the Currency Hedging Transaction is entered into for purposes of determining whether the FX Hedging Limit is exceeded and the Currency Hedging Transaction shall be deemed for purposes of applying the FX Hedging Limit at any time to have a notional amount equal to the Equivalent U.S. Dollar Amount determined on the date the Currency Hedging Transaction was entered into. If a Currency Hedging Transaction does not exceed the FX Hedging Limit on the date it is entered into, it cannot at any later date due to currency fluctuations be considered to exceed the FX Hedging Limit for the purposes of determining under this Section 9.1(b) whether the FX Hedging Limit has been exceeded and any amount by which the Rate Hedging Limit has been exceeded as a result of currency fluctuations will be secured by the Security Documents on a *pari passu* basis with all other Obligations. If the Commodity Hedging Transaction does not exceed the Commodity Hedging Limit on the date it is entered into, it cannot be considered to exceed the Commodity Hedging Limit for the purposes of determining under this Section 9.1(b) whether the Commodity Hedging Limit has been exceeded and any amount by which the Commodity Hedging Limit has been exceeded as a result of currency fluctuations will be secured by the Security Documents on a *pari passu* basis with all

other Obligations. Obligations pursuant to Hedging Transactions in excess of the Rate Hedging Limit, FX Hedging Limit or the Commodity Hedging Limit, as applicable, shall be secured by the Security Documents, but shall be subordinate to all other Obligations. Each Lender shall satisfy itself at the time of entering into a Hedging Transaction that such transaction is not in excess of the Rate Hedging Limit or the FX Hedging Limit or the Commodity Hedging Limit, as applicable.

(c) For the purposes of holding any security granted by any of the Borrowers or Guarantors pursuant to the laws of the Province of Quebec, the Canadian Agent shall be the holder of an irrevocable power of attorney authorizing the Canadian Agent to act on behalf of all present and future Lenders. By executing an Assignment Agreement, any future Lender shall be deemed to ratify the power of attorney granted to the Canadian Agent hereunder. The Lenders and the Borrowers and Guarantors agree that notwithstanding Section 32 of the Act respecting the Special Powers of Legal Persons (Quebec), the Canadian Agent may, as the person holding the power of attorney of the Lenders, acquire any debenture or other title of indebtedness secured by any hypothec granted by any of the Borrowers or Guarantors to the Canadian Agent pursuant to the laws of the Province of Quebec.

(d) Despite anything in the Security Documents to the contrary, no Lien shall be granted by any of the Borrowers or Guarantors under the Security Documents in respect of any licenses, or contracts (including lottery products printing contracts) or other similar rights or interests, or lottery products inventory, which by the terms of the issuance or creation thereof, by terms relating thereto or, as the case may be, by applicable law, are not permitted to be or are not capable of being mortgaged or charged (other than to the extent that such prohibitions and/or restrictions would be rendered ineffective pursuant to applicable law including, without limitation, Section 9.406, 9.407, 9.408 or 9.409 of the Uniform Commercial Code (or any successor provision or provisions) of any relevant jurisdiction and other than to the extent all necessary consents to creation, attachment and perfection of the applicable Agent's liens thereon have been obtained) (collectively, the "Non-Mortgagable Collateral"), provided however that immediately upon the prohibitions and/or restrictions on the mortgaging or charging of the Non-Mortgagable Collateral ceasing to exist (due to the ineffectiveness, lapse or termination of such prohibitions and/or restrictions or the obtainment of such consents or otherwise), then the security constituted by the Security Documents shall automatically apply to, extend and attach to the same. The Borrowers and the Guarantors hereby covenant to not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on any of the Non-Mortgagable Collateral. For clarity, as of the date of this Agreement, none of the Borrowers or Guarantors shall be obligated to obtain or request any consent to the creation, attachment and/or perfection of a Lien in favour of either Agent in respect of the Non-Mortgagable Collateral.

(e) Despite anything in the Security Documents to the contrary, the U.S. Agent shall not exercise rights under any Deposit Account Control Agreement given by any Borrower or Guarantor unless and until an Event of Default has occurred.

9.2 Discharge of Security.

Provided that no Default or Event of Default has occurred which is continuing, the Agents, and the Lenders, if necessary, shall from time to time execute and deliver, at the expense of the Borrowers, releases and discharges from the security under the Security Documents of any Property, both real and personal, which the applicable Borrowers or any of the Guarantors are permitted to Dispose of under the terms of this Agreement or to which Disposition the Lenders have given their unanimous prior written consent.

9.3 Registrations.

(a) Each Agent, in its sole discretion, may register, file or record the Liens constituted by the Security Documents in all jurisdictions where such registration, filing, or recording is necessary or of advantage to the creation, perfection, preservation or protection of such Liens.

(b) Each Agent may renew such registrations, filings and recordings from time to time as and when required or of advantage, in the sole discretion of all of the Lenders, to keep them in full force and effect. The Borrowers and the Guarantors acknowledge that the forms of the Security Documents have been prepared based upon the laws of the jurisdictions indicated therein as being applicable thereto in effect at the date hereof and that such Laws may change. The Borrowers and the Guarantors agree that, following prior notice to and consultation with the Borrowers, the Agents, upon direction from all of the Lenders, shall have the right to require that the forms of the Security Documents be amended, restated or supplemented, at the expense of the Borrowers, to reflect any changes in such Laws, whether arising as a result of statutory amendments, court decisions or other similar changes, in order to confer upon the Agents and the Lenders the Liens intended to be created thereby, in the sole discretion of all of the Lenders.

**ARTICLE X
EVENTS OF DEFAULT**

10.1 Events of Default.

If any of the following events, conditions or circumstances (each an “Event of Default”) shall occur and be continuing:

(a) a Borrower or a Guarantor shall fail to pay any portion of the principal or interest or any fees or other amounts due hereunder or under any of the other Loan Documents within three (3) Business Days of the date when due hereunder and thereunder;

(b) any representation or warranty or certification made in writing or deemed to be made by any Borrower or Guarantor (or any director or officer thereof) pursuant to or in connection with any of the Loan Documents delivered to an Agent or any one or more of the Lenders shall prove to have been incorrect in any material respect when made or deemed to be made;

(c) a Borrower shall fail to comply with, perform or observe the financial covenants contained in Section 8.3;

(d) any Borrower or Guarantor shall fail to perform or observe any other term, covenant or agreement contained in any of the Loan Documents on its part to be performed or observed (other than those referred to in Subsections (a), (b) and (c) of this Section 10.1) and such failure shall remain unremedied for thirty (30) days (a "Cure Period") after the earlier of: (i) an officer of such Borrower or Guarantor obtaining actual knowledge of such default; and (ii) the receipt by any Borrower or Guarantor of written notice of such default from either Agent; provided however, that if such default is not reasonably capable of being cured within the Cure Period, an Event of Default shall not be deemed to have occurred if the applicable Borrower or Guarantor has, within the Cure Period, taken all possible steps to remedy such default and diligently continues its efforts to do so until the default is remedied; provided however, that there shall be no Cure Period for the failure to observe the covenants contained in Section 8.2 hereunder (excluding non-material breaches of 8.2(a), 8.2(l), 8.2(m) and 8.2(n)) including, without limitation, failure to give notice of Corporate Distributions or the making of improper Corporate Distributions hereunder and any such failure shall immediately become an Event of Default;

(e) any of the Loan Documents, at any time, is not or ceases to be valid or enforceable in whole or in part, or if any Lien intended to be created by any of the Security Documents is not or ceases to be a valid and perfected Lien having the ranking or priority contemplated thereby, or if the validity or enforceability of any of the Loan Documents or the validity or perfection of any such Lien shall be contested by any party thereto or any other Person (unless such contestation by such other Person is being opposed diligently, in good faith and by proper legal proceedings by the relevant Borrower or Guarantor and the Agents are provided with an opinion, reasonably satisfactory to the Agents, upon direction from all of the Lenders, of counsel to the relevant Borrower or Guarantor confirming the validity and enforceability of such Loan Document and/or the validity and perfection of the contested Lien, as the case may be), or if any Person (other than the Lenders) obtains any interest in the Property of any Borrower or Guarantor or any part thereof (except for Permitted Liens);

(f) with respect to Debt of the Borrowers and Guarantors under any one or more agreements, other than the Debt under the Loan Documents, (i) a Borrower or Guarantor shall fail to pay any principal, interest or other amount pursuant to the agreements governing such other Debt in an aggregate amount in excess of \$1,000,000 (or the equivalent amount in another currency) when such amount becomes due and payable (whether by scheduled maturity, required repayment, acceleration, demand or otherwise) and such failure shall continue after any applicable grace period specified in such agreement or agreements; or (ii) any other event, condition or circumstance shall occur and shall continue after any applicable grace period specified in such agreement or agreements, if the effect of such event, condition or circumstance is to accelerate the maturity of such other Debt in an aggregate amount in excess of \$1,000,000 (or the equivalent amount in another currency); or (iii) other Debt of a Borrower or Guarantor in an aggregate amount in excess of \$1,000,000 (or the equivalent amount in another currency) shall be declared to be due and payable prior to the stated maturity thereof under any such agreement or agreements;

(g) the occurrence of any default, or any event or condition which, with the giving of notice or passage of time, or both: (i) would constitute a material default by any Pollard Party under any Material Agreement; or (ii) would constitute a default by any Pollard Party under any

one or more agreements to which any Pollard Party is a party and which has resulted in the acceleration of amounts owing by any Borrower or Guarantor under any such agreement or agreements in excess of \$1,000,000 (or the equivalent amount in another currency) in the aggregate;

(h) any Borrower or Guarantor shall: (i) become insolvent or generally not pay its debts as such debts become due; (ii) admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; (iii) file a notice of intention to file a proposal under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors; (iv) institute or have instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (z) the entry of an order for relief or the appointment of a Receiver, interim receiver, Receiver and manager, assignee, liquidator, sequestrator, trustee or other similar official for it or for any substantial part of its Property, and in the case of any such proceeding instituted against it (but not instituted by it), it shall not be dismissed or stayed within 60 days of its commencement or issuance or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a Receiver, trustee, custodian or other similar official for it or for any substantial part of its Property) shall occur; or (v) take any corporate action to authorize any of the foregoing actions;

(i) a notice is sent to or received by any Borrower or Guarantor from any creditor with respect to the intention of such creditor to enforce a Lien on any Property of any Borrower or Guarantor, unless the amount claimed by such creditor is \$1,000,000 or less or such notice is being contested in good faith by appropriate legal proceedings and such notice has not resulted in, or does not involve, any immediate danger of the sale, forfeiture or loss of any of the Property of any Borrower or Guarantor that are the subject of such notice;

(j) any one or more final judgments or judgment or orders for the payment of money in excess of \$1,000,000 (or the equivalent amount in another currency) in the aggregate, or any one or more orders, directives, letters of credit or other communications from any Governmental Entity (not including any customer of any Pollard Party in the ordinary course of Business) which may be reasonably likely to require the Borrowers and Guarantors to expend an amount in excess of \$1,000,000 (or the equivalent amount in another currency) in the aggregate shall be rendered against any of the Borrowers or Guarantors, and either: (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment(s) or order(s); or (ii) there shall be any period of ten (10) consecutive Business Days during which a stay of enforcement of any such judgment or order, directive, letter or other communication by reason of a pending appeal or otherwise, shall not be in effect, unless such judgment(s) or order(s) are being contested in good faith by appropriate legal proceedings and appropriate reserves are made or adequate security has been provided to ensure the payment of such judgment(s) or order(s);

(k) the audited financial statements of the Canadian Borrower in respect of any Financial Year are qualified in any material adverse respect by the Auditors;

(l) the occurrence of a Material Adverse Effect;

(m) (1) any Plan subject to Title IV of ERISA shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof (without regard to whether a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code), any of which failure individually or in the aggregate exceeds \$1,000,000, (2) a notice of intent to terminate any Plan subject to Title IV of ERISA shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any such Plan or the PBGC shall have notified any Borrower or Guarantor or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (3) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA as if such Plan then terminated, shall exceed Cdn\$100,000, (4) any Borrower or Guarantor or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability or obligation pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to any Plan, (5) any Borrower or Guarantor or any ERISA Affiliate withdraws from any Multiemployer Plan, (6) any Borrower or Guarantor or any ERISA Affiliate establishes or amends any Welfare Plan that provides post employment welfare benefits in a manner that would increase the liability of the U.S. Borrower, PUSL or PGI or any ERISA Affiliate thereunder or (7) the institution of any steps to terminate a Plan if as a result of such termination, any Borrower or Guarantor is or could be required to incur a liability or obligation to such Plan; and any such event or events described in clauses (2) through (7) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect;

(n) the occurrence of any voluntary or involuntary suspension of the business of a Borrower or Guarantor, which has a Material Adverse Effect; or

(o) the occurrence of any default by a Borrower or Guarantor in payment of any monies to any affiliate of any of the Lenders, and such default continues unremedied for three Business Days after notice of the default is provided to such Borrower or Guarantor,

then, and in any such event, the applicable Agent shall by written notice to the Borrowers: (i) if so instructed by all of the Lenders at any time, terminate the obligation of the Lenders or any one or more of them to make Accommodations under the Credit Facilities; and/or (ii) if so instructed by all of the Lenders at any time, demand repayment of all indebtedness of any one or more of the Borrowers to any of the Lenders under the Credit Facilities, whereupon the principal amount of all outstanding Advances, all amounts owing under each Bankers' Acceptance then outstanding, all interest accrued thereunder, and, in the case of a LIBOR Advance or a Bankers' Acceptance, all losses, costs and expenses in respect of such LIBOR Advance or Bankers' Acceptance for which a Borrower is responsible pursuant to Section 11.10, and all fees and other amounts payable thereunder shall become forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers and the Guarantors; and/or (iii) if so instructed by all of the Lenders at any time, enforce the Liens constituted by the Security Documents and any other security now or hereafter held by the Lenders; provided, however, that upon any Event of Default specified in Section 10.1(h), the obligation of the Lenders or any one or more of them to make Accommodations hereunder shall automatically terminate and the principal amount of all outstanding Accommodations and all interest accrued hereunder, and all fees and other amounts payable

under this Agreement shall automatically become forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers and the Guarantors.

10.2 Expense of Agents and Lenders.

Upon the occurrence of any Default or Event of Default which has not been waived and is continuing, the Agents may take any action the Agents consider advisable, acting reasonably, to remedy the effect of such Default or Event of Default. All reasonable expenses, costs and charges incurred by or on behalf of the Agents in connection with: (i) any remedial action taken pursuant to this Section; (ii) any obligation of any Borrower or Guarantor to any one or more of the Lenders hereunder or under any Ancillary Agreement; or (iii) the realization of the Collateral, including all reasonable fees, court costs, Receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral, in all cases shall be added to and form a part of the Obligations.

10.3 Right to Combine and Set Off.

Upon the occurrence and during the continuance of any Default or Event of Default, the Agents or any one or more of the Lenders is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to combine, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Agents or Lenders to or for the credit or the account of a Borrower and/or a Guarantor with or against any and all of the obligations of the Borrowers and/or the Guarantors now or hereafter existing under any of the Loan Documents, irrespective of whether or not the Agents or the Lenders shall have made any demand under any of the Loan Documents and although such obligations may be unmatured. The applicable Agent(s) and/or such Lender(s) agree promptly to notify such Borrower(s) and/or such Guarantor(s) after any such combination or set off and application made by such Agent(s) or such Lender(s); provided that the failure to give such notice shall not affect the validity of such combination or set off and application. The rights of the Agents and the Lenders under this Section are in addition to other rights and remedies (including other rights of combination and set off) which the Agents and the Lenders may have.

10.4 Remedies Cumulative.

The remedies provided for in this Agreement and each Ancillary Agreement are cumulative and do not exclude any other right or remedy provided by Law.

**ARTICLE XI
PAYMENTS, COMPUTATIONS AND INDEMNITIES**

11.1 Timing of Payments under this Agreement, etc.

(a) Unless otherwise expressly provided in this Agreement, each Borrower shall make any payment required to be made by it to the applicable Agent by depositing the amount of such payment in the Canadian Agent's Account or U.S. Agent's Account, as the case may be, not later than 11:00 a.m. (Toronto time) on the date such payment is due.

(b) Unless otherwise expressly provided in this Agreement, an Agent shall make any Accommodation or other payment to a Borrower hereunder by crediting or causing the crediting of the Canadian Agent's Account or U.S. Agent's Account, as the case may be, with the amount of such Accommodation on the date such Accommodation is to be made. Each Borrower hereby authorizes each Agent if and to the extent a payment owed to an Agent by a Borrower is not made when due hereunder, to charge from time to time against such Borrower's accounts with the Agents any amount so due.

(c) Unless otherwise expressly provided in this Agreement, each Lender shall make any payment required to be made by it to an Agent hereunder by depositing the amount of such payment in the Canadian Agent's Account or U.S. Agent's Account, as the case may be, not later than 1:00 p.m. (Toronto time) on the date such payment is due.

11.2 Payments on Non-Business Days.

Whenever any payment hereunder shall be stated to be due on a day other than a Business Day at the place of payment, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. If any such extension would cause payment of interest on a LIBOR Advance to be made in the next following calendar month, such payment shall be made on the last preceding Business Day.

11.3 Overdue Amounts.

All amounts owed by a Borrower or a Guarantor to an Agent or any of the Lenders which are not paid when due (whether at stated maturity, on demand, by acceleration or otherwise) shall bear interest (both before and after judgment), from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the sum of 2% per annum plus (i) in the case of amounts payable in Canadian Dollars, the rate per annum payable in respect of Prime Rate Advances, (ii) in the case of amounts payable in U.S. Dollars, the rate per annum payable in respect of U.S. Prime Rate Advances or U.S. Base Rate Advances, as applicable.

11.4 Application of Payments, Repayments and Prepayments.

All amounts received by an Agent or any one or more of the Lenders from or on behalf of a Borrower, including a realization of the Security, and not previously applied pursuant to this Agreement shall be applied by the Agent as follows or as the Agent and all of the Lenders may agree:

- (a) first, in reduction of the Borrower's obligation to pay any fees which are due and owing to the Agent and any costs, expenses, reimbursable amounts or Lender/Agent Losses which are due and owing to the Agent;
- (b) second, in reduction of the Borrower's obligation to pay any unpaid interest accrued on the principal amount of Advances and Swing Line Loans or on any other amount owing hereunder;
- (c) third, in reduction of the Borrower's obligation to pay any fees which are due and owing to the Lenders, and any costs, expenses or Lender/Agent Losses which are due and owing to the Lenders;
- (d) fourth, in reduction of the Borrower's obligation to pay any amounts due and owing on account of Outstandings and/or Secured Hedging Transactions, all on a *pari passu* basis;
- (e) fifth, in reduction of any other obligation of such Borrower under this Agreement, the Loan Documents, all on a *pari passu* basis;
- (f) sixth, in reduction of any other amounts owing to the Agents or the Lenders; and
- (g) seventh, to the Borrower or such other Persons as may lawfully be entitled to the remainder, or as any court of competent jurisdiction may otherwise direct.

11.5 Computations of Interest and Fees.

(a) All computations of interest shall be made by the Agents according to their respective daily practices, taking into account the actual number of days occurring in the period for which such interest is payable pursuant to Section 3.3 and, (i) if based on the Prime Rate, on the basis of a year of three hundred and sixty-five (365) days; (ii) if based on LIBOR or the U.S. Base Rate, on the basis of a year of three hundred and sixty (360) days; and (iii) if based on the U.S. Prime Rate, on the basis of a year of three hundred and sixty-five (365)/three hundred and sixty-six (366) days.

(b) Except as otherwise provided in this Agreement, all computations of fees shall be made by the Agents on the basis of a year of three hundred and sixty-five (365) days, taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such fees are payable.

(c) Notwithstanding any provision to the contrary contained in this Agreement, in no event shall the aggregate "interest" (as defined in Section 347 of the *Criminal Code* (Canada), as the same may be amended, replaced or re-enacted from time to time) payable under this Agreement exceed the maximum amount of interest on the "credit advanced" (as defined in that Section) under this Agreement lawfully permitted under that Section and, if any payment, collection or demand pursuant to this Agreement in respect of "interest" (as defined in that

Section) is determined to be contrary to the provisions of that Section, such payment, collection or demand shall be deemed to have been made by mutual mistake of the applicable Borrower(s) and the applicable Agent(s) and the applicable Lender(s) and the amount of such payment or collection shall be refunded to such Borrower(s). For purposes of this Agreement, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term that the relevant Credit Facilities are outstanding on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of any dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by an Agent will be conclusive for the purposes of such determination.

(d) Each determination by an Agent of any amount payable hereunder by a Borrower shall be *prima facie* evidence of the amount payable for all purposes absent manifest error.

11.6 Costs and Expenses.

The Borrowers shall pay, whether or not the transactions hereby contemplated are consummated, all costs and expenses contemplated by the Loan Documents, including, without limitation, administration fees, if any, agreed to from time to time by the Borrowers, and reasonable legal fees and expenses of the Agents and the Lenders and, following the occurrence of an Event of Default, such separate legal counsel as may be retained by any Lender, on a solicitor and his own client basis, incurred in connection with its due diligence conducted in respect of the Pollard Parties and the preparation, execution, delivery, registration, filing, recording or enforcement of, and refinancing, renegotiation, waiver, amendment or restructuring, or ongoing administration of the Credit Facilities and of the Loan Documents (including the maintenance of the Liens provided for therein and all future registrations, filings, recordings and other actions in connection therewith) or syndicating or assigning the Credit Facilities.

11.7 Indemnity for Change in Circumstances.

(a) If with respect to an Agent or any of the Lenders: (i) any change in Law, or any change in the interpretation or application by any Governmental Entity of any Law occurring or becoming effective after the date hereof; or (ii) any compliance by such Lender with any direction, request or requirement (whether or not having the force of Law) of any Governmental Entity made or becoming effective after the date hereof, in either case shall have the effect of causing Loss to such Agent or such Lender by:

- (i) increasing the cost to such Lender of performing its obligations under this Agreement or in respect of any Accommodation (including the costs of maintaining any capital, reserve or special deposit requirements in connection therewith);
- (ii) requiring such Agent or any of the Lenders to maintain or allocate any capital or additional capital or affecting its allocation of capital in respect of its obligations under this Agreement or in respect of any Accommodation;

- (iii) reducing any amount payable to such Agent or any of the Lenders under this Agreement or in respect of any Accommodation by any amount it deems material (other than a reduction resulting from a higher rate of income tax or other special tax relating to such Agent or such Lender's income in general); or
- (iv) causing such Agent or any of the Lenders to make any payment or to forego any return on, or calculated by reference to, any amount received or receivable by such Agent or any of the Lenders under this Agreement in respect of any Accommodation,

then such Agent may give notice to the applicable Borrower specifying the nature of the event giving rise to such Loss and the Borrower shall, on demand, pay such amounts as the Agent may specify to be necessary to compensate the Agent or any of the Lenders for any such Loss incurred after the date of such notice, provided that, notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a change in Law or compliance requirement enacted after the Closing Date regardless of the date actually enacted, adopted or issued. A certificate as to the amount of any such Loss, submitted in good faith by such Agent to such Borrower shall be *prima facie* evidence of the amount of such Loss for all purposes absent manifest error.

(b) If any Lender (the "Affected Lender") seeks additional compensation or amounts pursuant to Section 11.7(a) or (c), then either Borrower may indicate to the applicable Agent in writing that it desires to replace the Affected Lender with one or more of the other Lenders, and such Agent shall then forthwith give notice to the other Lenders that any Lender or Lenders may, in the aggregate, acquire all (but not part) of the Affected Lender's Individual Commitment (but in no event shall any other Lender be obliged to do so). If one or more Lenders (herein collectively called the "Assenting Lenders" and, individually, called an "Assenting Lender") has given notice to the applicable Agent that it wishes to acquire all (but not part) of the Individual Commitment of such Affected Lender, then each Assenting Lender shall acquire a portion of the Individual Commitment of such Affected Lender on a date mutually acceptable to the Assenting Lenders and the Affected Lender, provided that the acquired Individual Commitments shall be allocated to the Assenting Lenders rateably based on their aggregate Commitments under the Credit Facilities. On such date, such Agent shall give notice to each of the Assenting Lenders and the Borrowers setting out the amount of the Individual Commitments to be acquired by each of the Assenting Lenders and the amount of the Outstandings of the Affected Lender to be acquired by each of the Assenting Lenders, together with all interest accrued thereon and all other amounts owing to the Affected Lender hereunder, and each of the Assenting Lenders shall deposit with such Agent an amount equal to its portion of the Outstandings of the Affected Lender, together with all interest accrued thereon and all other amounts owing to the Affected Lender hereunder and, upon such payment, such Agent shall pay the amounts so received to the

Affected Lender, the Affected Lender shall then cease to be a “Lender” for purposes of this Agreement and shall no longer have any obligations hereunder. Upon the assumption of the Affected Lender’s Individual Commitment, with respect to the Credit Facilities, by Assenting Lenders, Schedule A shall be replaced by an amended Schedule A which reflects the increase in the Individual Commitment, with respect to the applicable Credit Facilities, of such Assenting Lenders by the amount of such assumption and the deletion of the Individual Commitment of the Affected Lender. If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the U.S. Borrower and the U.S. Agent at the time or times prescribed by law and at such time or times reasonably requested by the U.S. Borrower or the U.S. Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the U.S. Borrower or the U.S. Agent as may be necessary for the U.S. Borrower and the U.S. Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. For purposes of determining withholding Taxes imposed under FATCA, from and after the effective date of this Agreement, the Borrowers and the Agents shall treat (and the Lenders hereby authorize the Agents to treat) this Agreement as not qualifying as a “grandfathered obligation” within the meaning of U.S. Treasury Regulation Section 1.1471-2(b)(2)(i). Solely for purposes of this clause (b), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(c) Except as required by Applicable Law, each Borrower shall make all payments under this Agreement to the applicable Agent without deducting or withholding any Taxes. To the extent that deduction or withholding of Taxes is required by Applicable Law, the Borrowers will:

- (i) promptly notify the applicable Agent of such requirement;
- (ii) pay to the appropriate authority the full amount required to be so withheld or deducted before penalties attach thereto or interest accrues thereon;
- (iii) promptly forward to the applicable Agent an official receipt or other documentation reasonably satisfactory to such Agent evidencing such payment to such authority; and
- (iv) pay to the applicable Agent on behalf of the Lenders an additional amount so that such Agent and the Lenders receive the full amount they would have received had no such deduction or withholding been required.

If any Taxes are directly asserted against an Agent and/or any of the Lenders with respect to any payment under this Agreement, such Agent and/or such Lender, as the case may be, may pay such Taxes and the Borrowers shall promptly pay such additional amount (including any penalties, interest and expenses) necessary so

that the net amount received by such Agent and/or such Lender after the payment of such Taxes, including any Taxes on such additional amounts, shall equal the amount such Agent and/or such Lender would have received had such Agent and/or such Lender not paid such Taxes.

The Borrowers shall indemnify the Agents and the Lenders for all incremental Taxes, interest or penalties that any Agent or Lender must pay if either Borrower fails to deduct or withhold any Taxes when due or to send the applicable Agent the required receipts or other documentation.

11.8 Indemnity for Transactional and Environmental Liability.

(a) The Borrowers hereby agree to indemnify, exonerate and hold each of the Agents and the Lenders and their officers, directors, employees, agents and other representatives (collectively in this Section 11.8(a) and in Section 11.8(b), the “Indemnified Parties”) free and harmless from and against any and all claims, demands, actions, causes of action, suits, losses, costs (including all documentary, recording, filing, mortgage or stamp taxes or duties), charges, liabilities and damages, and expenses in connection therewith (irrespective of whether such Indemnified Party is a party to the action for which such indemnification hereunder is sought), and including reasonable legal fees and disbursements (collectively, in this Section 11.8(a), the “Indemnified Liabilities”) paid, incurred or suffered by, or asserted against, the Indemnified Parties or any of them or, with respect to, or as a direct or indirect result of: (i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Accommodations obtained hereunder; or (ii) the execution, delivery, performance or enforcement of this Agreement or any Ancillary Agreement, except for such Indemnified Liabilities that a court of competent jurisdiction determines or rules to be on account of the relevant Indemnified Party’s gross negligence or wilful misconduct.

(b) The Borrowers hereby further agree to indemnify, exonerate and hold the Indemnified Parties free and harmless from and against any and all claims, demands, actions, causes of action, suits, losses, costs, charges, liabilities and damages, and expenses in connection therewith (irrespective of whether such Indemnified party is a party to the action for which such indemnification hereunder is sought), and including reasonable legal fees and disbursements (collectively, in this Section 11.8(b), the “Indemnified Liabilities”) paid, incurred or suffered by, or asserted against, the Indemnified Parties or any of them for, with respect to, or as a direct or indirect result of any Environmental Liabilities and Costs.

(c) All obligations provided for in this Section 11.8 shall not be reduced or impaired by any investigation made by or on behalf of any of the Agents or any of the Lenders.

(d) The Borrowers hereby agree that, for the purposes of effectively allocating the risk of loss placed on the Borrowers by this Section 11.8, each of the Agents and each of the Lenders shall be deemed to be acting as the agent or trustee on behalf of and for the benefit of its respective officers, directors and agents.

(e) If, for any reason, the obligations of the Borrowers pursuant to this Section 11.8 shall be unenforceable, the Borrowers agree to make the maximum contribution to the payment and satisfaction of each obligation that is permissible under Law, except to the extent that a court of competent jurisdiction determines such obligations arose on account of the gross negligence or wilful misconduct of any Indemnified Party.

11.9 Survival of Indemnities; Contribution.

(a) The provisions of Sections 11.6, 11.7, 11.8, 11.10 and 11.11 and this Section 11.9 shall survive the termination of this Agreement and the repayment of all amounts owing pursuant to the Loan Documents. The Borrowers acknowledge that neither their obligation to indemnify, nor any actual indemnification by them, of any of the Agents or any of the Lenders hereunder in respect of legal fees and disbursements shall in any way affect the confidentiality or privilege relating to any information communicated by either Agent or any Lender to its counsel.

(b) If any provision in any of the Loan Documents providing for indemnification by the Borrowers or any of the Guarantors (the "Indemnitor") in favour of any of the Agents or any of the Lenders or any of the Indemnified Parties (as defined in Section 11.8) (the "Indemnitee") is found by reason of the occurrence of an event, other than the gross negligence or wilful misconduct of the Indemnitee, to be unenforceable by a court of competent jurisdiction in a final judgment that has become non-appealable, then the Indemnitor shall contribute to the amount paid or payable by the Indemnitee which is subject to the indemnification provision in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Indemnitee on the other hand but also the relative fault of the Indemnitor and the Indemnitee. The rights of contribution herein provided shall be in addition to and not in derogation of any other right to contribution which the Indemnitee may have under this Agreement or applicable Laws.

11.10 Indemnity Relating to Accommodations.

Upon notice from an Agent, on behalf of the Majority Lenders, to a Borrower (which notice shall be accompanied by a detailed calculation of the amount to be paid by such Borrower), such Borrower shall pay to such Agent or the Lenders such amount or amounts as will compensate such Agent or the Lenders for any Loss, cost or expense incurred by them: (i) in the liquidation or redeposit of any funds acquired by the Lenders to fund or maintain any portion of a LIBOR Advance as a result of (A) the failure of such Borrower to borrow or make repayment on the date specified in this Agreement or in any notice from such Borrower to such Agent; or (B) the repayment or prepayment of any amounts on a day other than the payment dates prescribed herein; or (ii) with respect to any Bankers' Acceptance arising from any Claim, and including legal fees and disbursements, respecting the collection of amounts owing by such Borrower hereunder in respect of such Bankers' Acceptance or the enforcement of such Agent's or Lenders' rights hereunder in respect of such Bankers' Acceptance, including legal proceedings attempting to restrain the Agent or the Lenders from paying any amount under such Bankers' Acceptance; or (iii) with respect to any Secured Hedging Transaction, arising from any Claim, and including legal fees and disbursements by such Borrower hereunder or and/or any Ancillary Agreements in respect of such Secured Hedging Transaction.

11.11 Judgment Currency.

(a) If, for the purposes of obtaining judgment in any court, it is necessary to convert any sum due, or owing hereunder or under any other Loan Document to an Agent or any one or more of the Lenders in any currency (the “Original Currency”) into another currency (the “Other Currency”), the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures such Agent could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is granted.

(b) The obligations of a Borrower or Guarantor in respect of any sum due in the Original Currency from it to an Agent or any one or more of the Lenders under any of the Loan Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Agent of any sum adjudged to be so due or owing in such Other Currency, the Agent may in accordance with normal banking procedures purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due or owing to such Agent or any one or more of the Lenders in the Original Currency, such Borrower or Guarantor shall, as a separate obligation and notwithstanding any such judgment, indemnify such Agent or such Lender(s), as applicable, against such Loss, and if the amount of the Original Currency so purchased exceeds the sum originally due or owing to such Lender(s) in the Original Currency, such Agent or such Lender(s) shall remit such excess to such Borrower or Guarantor.

11.12 Joint and Several Liability. The obligations of the Borrowers arising out of or pertaining to this Agreement or any other Loan Document shall be joint and several.

**ARTICLE XII
GENERAL PROVISIONS**

12.1 Notices.

(a) All Notices provided for in this Agreement or in the Loan Documents shall be in writing and shall be: (i) personally delivered to an officer or other responsible employee of the addressee; (ii) sent by facsimile, charges prepaid; (iii) sent by email; or (iv) (except in the case of Notices to be provided to a Borrower or Guarantor) sent via Intralinks, or any replacement thereof, at or to the applicable addresses, facsimile numbers or email addresses, as the case may be, set opposite the party’s name in Schedule N hereto or at or to such other address or addresses, facsimile number or numbers or email address or addresses as any party hereto may from time to time designate to the other parties in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile, email or Intralinks as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such

transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission. For clarity, notwithstanding section 12.1(a)(iv) above, any Notice may be provided to any Borrower or Guarantor by email.

(b) Each Borrowing Notice and Repayment Notice shall be irrevocable and binding on the applicable Borrower. In the event of conflict between the records of an Agent of the applicable terms of any Accommodation and such Borrowing Notice, the Agent's records shall prevail and the Borrowers hereby irrevocably waive their rights, if any, to dispute the terms of such Accommodation absent manifest error.

12.2 Public Announcements and Exchange of Information.

Except as required by Law or by any stock exchange, none of the parties hereto shall issue any press release or make any other public statement or announcement relating to either of the Agents or any of the Lenders or to the terms and conditions of the financing contemplated hereby, without obtaining the prior written approval of the other parties hereto to the contents and the manner of presentation and publication thereof.

12.3 Time of the Essence.

Time shall be of the essence of this Agreement.

12.4 Third Party Beneficiaries.

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person, other than the parties hereto and the Persons contemplated in Section 11.8 or Section 12.8, and no Person, other than the parties hereto and the Persons contemplated in Section 11.8 or Section 12.8, shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

12.5 Enurement.

This Agreement shall enure to the benefit of and be binding upon the parties hereto and any Person becoming a party to this Agreement through the procedure set out in Section 12.8. This Agreement shall be binding upon and enure to the benefit of any permitted assigns.

12.6 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Electronically transmitted signatures may be relied upon as if they were originals.

12.7 Knowledge.

Where any representation or warranty contained in this Agreement or any Ancillary Agreement is expressly qualified by reference to the best of the knowledge of a Borrower or Guarantor, or where any other reference is made herein or in any Ancillary Agreement to the knowledge of a Borrower or Guarantor, it shall be deemed to refer to the best of the knowledge of such Borrower or Guarantor and its Subsidiaries. Each of the Guarantors and each of the Borrowers confirm that it has made due and diligent inquiry of those of its officers and senior employees (including appropriate officers and senior employees of the Borrowers and Guarantors) as it considers necessary as to the matters that are the subject of such representations, warranties or references.

12.8 Participant Assignment.

(a) None of the rights or obligations hereunder shall be assignable or transferable by the Borrowers or the Guarantors.

(b) Any Lender may, without the consent of the Borrowers or the Guarantors, but upon five (5) Business Days notice given to the Borrowers (i) grant participations in all or any part of the Credit Facilities to one or more Persons (who, unless a Default or Event of Default has occurred, will be bona fide financial institutions) (each a "Participant"); or (ii) with the consent of all Issuing Lenders and the applicable Agent(s), assign all or any part of their respective interests in the Credit Facilities to one or more Persons (who, until a Default or Event of Default has occurred, will be bona fide financial institutions) (each an "Assignee"). A Lender shall pay a fee of \$3,500 to the applicable Agent on completion of any assignment in respect of the Canadian Revolver Facility or the U.S. Revolver Facility. For greater certainty, the parties hereto acknowledge and agree that the foregoing provisions of this Section 12.8(b) provide the Lenders the right to grant participations in or assign less than all of the Credit Facilities.

(c) An Agent or any of the Lenders may deliver a copy of any financial statement or any other information relating to the prospects, business, Property or condition (financial or otherwise) of the Pollard Parties which may be furnished to it under this Agreement or otherwise to any Participant or Assignee or any prospective Participant or Assignee; provided that each such delivery is made on the understanding that the information contained therein is confidential in nature.

(d) Without limitation of their obligations hereunder, each of the Borrowers and the Guarantors shall give, and shall cause their Subsidiaries to give, full access for due diligence investigation to its properties, officers, agents, employees and books and records and shall give such certificates, acknowledgements and further assurances in respect of this Agreement and the Credit Facilities as any Agent or any Lender may require in connection with any participation or assignment pursuant to this Section and the Borrowers shall be responsible for all reasonable costs and expenses incurred by the Agents and/or the Lenders in connection therewith.

(e) A Lender granting a participation shall act on behalf of all of its Participants in all dealings with the Borrowers in respect of the Credit Facilities.

(f) Any Assignee shall deliver to the Borrowers and the Guarantors, the Agents and the other Lenders an Assignment Agreement in the form of Schedule S. Upon execution of an Assignment Agreement and payment of fees, the assigning Lender and the Borrowers and the Guarantors shall be mutually released from their respective obligations to each other hereunder to the extent of such assignment and assumption and shall thenceforth have no liability or obligations to each other to such extent, except in respect of matters which shall have arisen prior to such assignment.

12.9 Non-Merger.

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties of the parties contained in this Agreement and the Ancillary Agreements shall not merge on and shall survive the Closing and the making of any Accommodation, and notwithstanding such Closing or Accommodation, or any investigation made by or on behalf of any party, shall continue in full force and effect. Neither the Closing nor the making of any Accommodation shall prejudice any right of one party against any other party in respect of anything done or omitted hereunder or under any of the Ancillary Agreements or in respect of any right to damages or other remedies.

12.10 Certificates and Opinions.

Whenever the delivery of a certificate or opinion is a condition precedent to the taking of any action by an Agent or any or all of the Lenders or under any of the Loan Documents, the truth and accuracy of the facts and opinion stated in such certificate or opinion shall in each case be conditions precedent to the rights of the Pollard Parties to have such action taken, and each statement of fact contained therein shall be deemed to be a representation and warranty of the Borrowers and the Guarantors for the purpose of this Agreement. Except as otherwise expressly provided in this Agreement, whenever any certificate or declaration is to be delivered by an officer or a senior officer of a Pollard Party, such certificate shall be signed on behalf of such Pollard Party by one or more of the Chairman, President, Chief Executive Officer, Chief Financial Officer, Treasurer, Secretary or any Vice President of such Pollard Party.

12.11 Jury Trial.

FOR THE PURPOSE OF ANY SUIT, ACTION OR PROCEEDING TAKEN IN THE UNITED STATES OF AMERICA, THE PARTIES HERETO WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION BASED ON THIS AGREEMENT OR ANY RELATED DOCUMENT OR TRANSACTION.

12.12 USA Patriot Act.

The Lenders are subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") and hereby notify the Borrowers that pursuant to the requirements of the Act, they are required to obtain, verify and record information that identifies the Borrowers, which information includes the names and addresses

of the Borrowers and other information that will allow the Lenders to identify the Borrowers in accordance with the Act.

12.13 **Intentionally Deleted.**

12.14 **Amendment of Guarantees.**

The Pollard Parties agree that the amendment made as of June 28, 2013 to each Guarantee made by PUSL and PGI dated as of October 30, 2009 is hereby deleted and replaced with the following provision:

“Notwithstanding anything herein to the contrary, the liabilities and obligations covered by this Guaranty shall not include any Excluded Swap Obligations with respect to the Guarantor.”

ARTICLE XIII
THE AGENTS

13.1 **Appointment and Authorization of Agents.**

Each Lender hereby appoints and authorizes, and hereby agrees that it will require any assignee of any of its interest in the Loan Documents (other than the holder of a participation in its interest herein or therein) to appoint and authorize, the Agents to take such actions as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Agents by such Lender by the terms hereof, together with such powers as are reasonably incidental thereto. Neither any Agent nor any of its directors, officers, employees or agents shall be liable to any of the Lenders for any action taken or omitted to be taken by it or them thereunder or in connection therewith, except for its own gross negligence or wilful misconduct and each Lender hereby acknowledges that each Agent is entering into the provisions of this Section 13.1 on its own behalf and as agent and trustee for its respective directors, officers, employees and agents. For certainty, the Agency Fee Agreement remains in full force and effect unamended.

13.2 **Interest Holders.**

The Agents may treat each Lender set forth in Schedule A or the Person designated in the last notice delivered to it under Section 12.8 as the holder of all of the interests of such Lender under the Loan Documents.

13.3 **Consultation with Counsel.**

Each Agent may consult with legal counsel selected by it as counsel for such Agent and the Lenders and shall not be liable for any action taken or not taken or suffered by it in good faith and in accordance with the advice and opinion of such counsel.

13.4 **Documents.**

The Agents shall not be under any duty to the Lenders to examine, inquire into or pass upon the validity, effectiveness or genuineness of the Loan Documents or any instrument, document or communication furnished pursuant to or in connection with the Loan Documents and the Agents shall, as regards the Lenders, be entitled to assume that the same are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be.

13.5 **Agents as Lenders.**

With respect to those portions of the Credit Facilities made available by it, each Agent shall have the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though it were not an Agent. Each Agent and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers and their affiliates and Persons doing business with the Borrowers and any of their affiliates as if it were not an Agent and without any obligation to account to the Lenders therefor and an Agent may exercise its rights and powers with respect thereto as though it were not an Agent.

13.6 **Responsibility of Agents.**

The duties and obligations of the Agents to the Lenders under the Loan Documents are only those expressly set forth herein. Neither Agent shall have any duty to the Lenders to investigate whether a Default or an Event of Default has occurred. An Agent shall, as regards the Lenders, be entitled to assume that no Default or Event of Default has occurred and is continuing unless the Agent has actual knowledge or has been notified by either Borrower of such fact or has been notified by a Lender that such Lender considers that a Default or Event of Default has occurred and is continuing, such notification to specify in detail the nature thereof.

13.7 **Action by Agents.**

Each Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights which may be vested in it on behalf of the Lenders by and under this Agreement; provided, however, that an Agent shall not exercise any rights under Section 10.1 or under the Security Documents or expressed to be on behalf of or with the approval of: (i) all of the Lenders, without the request, consent or instructions of all of the Lenders; or (ii) the Majority Lenders, without the request, consent or instructions of the Majority Lenders. Furthermore any rights of an Agent expressed to be on behalf of or with the approval of all of the Lenders or the Majority Lenders shall be exercised by the Agent upon the request or instructions of all of the Lenders or the Majority Lenders, as the case may be. The Agents shall incur no liability to the Lenders under or in respect of any of the Loan Documents with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment or which may seem to it to be necessary or desirable in the circumstances, except for its gross negligence or wilful misconduct. The Agents shall in all cases be fully protected in acting or refraining from acting under any of the Loan Documents in accordance with the instructions of all of the Lenders or the Majority Lenders, as the case may be, and any action taken or failure to

act pursuant to such instructions shall be binding on all Lenders. In respect of any notice by or action taken by the Agents hereunder, the Borrowers shall at no time be obliged to inquire as to the right or authority of the Agents to so notify or act. For certainty, wherever reference is made in this Agreement to a requirement of any Borrower or Guarantor to seek the consent or approval of, deliver to or otherwise deal with any Lender, such Borrower or Guarantor is not required to deal directly with such Lender(s), but rather may deal with the applicable Agent(s).

13.8 Notice of Events of Default.

If an Agent shall acquire actual knowledge or shall have been notified of any Default or Event of Default, the Agent shall promptly notify the other Agent and the Lenders and shall take such action and assert such rights under Section 10.1 of this Agreement and under the Loan Documents as all of the Lenders shall request in writing and such Agent shall not be subject to any liability by reason of its acting pursuant to such request. If all of the Lenders shall fail for five (5) Business Days after receipt of the notice of any Default or Event of Default to request an Agent to take such action or to assert such rights under any of the Loan Documents in respect of such Default or Event of Default, such Agent may, but shall not be required to, and subject to subsequent specific instructions from all of the Lenders, take such action or assert such rights (other than rights under Section 10.1 of this Agreement or under the other Loan Documents and other than giving an express waiver of any Default or any Event of Default) as it deems in its discretion to be advisable for the protection of the Lenders except that, if all of the Lenders have instructed an Agent not to take such action or assert such rights, in no event shall the Agent act contrary to such instructions unless required by Law to do so.

13.9 Responsibility Disclaimed.

No Agent shall be under any liability or responsibility whatsoever as agent hereunder:

(a) to the Pollard Parties or any other person as a consequence of any failure or delay in the performance by, or any breach by, any Lender or Lenders of any of its or their obligations under any of the Loan Documents;

(b) to any Lender or Lenders as a consequence of any failure or delay in performance by, or any breach by, any Borrower or Guarantor of any of its obligations under any of the Loan Documents; or

(c) to any Lender or Lenders for any statements, representations or warranties in any of the Loan Documents or in any other documents contemplated thereby, or in any other information provided pursuant to any of the Loan Documents, or any other documents contemplated thereby, or for the validity, effectiveness, enforceability or sufficiency of any of the Loan Documents or any other document contemplated thereby.

13.10 Indemnification.

The Lenders agree severally, not jointly, to indemnify each Agent (to the extent not reimbursed by the Borrowers) pro rata based on their respective Pro Rata Shares under the Credit Facilities from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any nature whatsoever which may be imposed on, incurred by or asserted against each such Agent in any way relating to or arising out of any of the Loan Documents or any other document contemplated thereby or any action taken or omitted by such Agent under any of the Loan Documents or any document contemplated thereby, except that no Lender shall be liable to either Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of such Agent.

13.11 Credit Decision.

Each Lender represents and warrants to the Agents that:

(a) in making its decision to enter into this Agreement and to make the Credit Facilities available to the Borrowers, it is independently taking whatever steps it considers necessary to evaluate the financial condition and affairs of the Borrowers and that it has made an independent credit judgment without reliance upon any information furnished by the Agents or another Lender; and

(b) so long as any portion of the Credit Facilities is being utilized by a Borrower, it will continue to make its own independent evaluation of the financial condition and affairs of the Borrowers.

13.12 Successor Agent.

Subject to the appointment and acceptance of a successor Agent as provided in this Section 13.12, an Agent: (i) may resign at any time by giving thirty (30) days written notice thereof to the Lenders; (ii) may be removed by the Borrowers at any time when any action taken or omitted to be taken by it under the Loan Documents or in connection therewith was taken or omitted to be taken in a manner which was grossly negligent or exhibited wilful misconduct, as determined by a court of competent jurisdiction, or (iii) may be removed by the Majority Lenders at any time upon thirty (30) days written notice thereof to the Agent. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent who shall be one of the Lenders unless none of the Lenders wishes to accept such appointment. If no successor Agent shall have been so appointed and shall have accepted such appointment by the time of such resignation or removal, then the retiring or removed Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a Person organized under the laws of Canada. Upon the acceptance of any appointment as Agent hereunder by a successor Agent such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges, duties and obligations of the retiring or removed Agent (other than in its capacity as a Lender) and the retiring or removed Agent shall be discharged from its duties and obligations hereunder (other than in its capacity as a Lender). After any resignation or removal hereunder as the Agent, the provisions of this Article XIII shall continue in effect for the benefit of such Agent

in respect of any actions taken or omitted to be taken by such Agent while it was acting as the Agent.

13.13 Delegation by Agent.

With the prior approval of the Majority Lenders, an Agent shall have the right to delegate any of its duties or obligations hereunder as Agent to any affiliate of the Agent so long as the Agent shall not thereby be relieved of such duties or obligations.

13.14 Waivers and Amendments.

(a) Subject to Section 13.14(b), any term, covenant or condition of any of the Loan Documents may only be amended with the consent of the Borrowers and the Majority Lenders or compliance therewith by the Borrowers may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Majority Lenders and, in the event that any such amendment or waiver is approved by the Majority Lenders, the failure to observe, perform or discharge any such covenant, condition or obligation, so amended or waived (whether such amendment is executed or such consent or waiver is given before or after such failure), shall not be construed as a breach of such covenant, condition or obligation or as a Default or Event of Default.

(b) Notwithstanding Section 13.14(a), without the prior written consent of each Lender, no such amendment or waiver shall directly or indirectly:

- (i) increase the amount of any Credit Facility or the amount of the Individual Commitments of any Lender;
- (ii) extend the term of any Credit Facility or amend the provisions of this Agreement dealing with the types of Accommodations available hereunder;
- (iii) extend the time for the payment of fees, the interest on the Advances, or the principal of any Advance, forgive any portion of principal of any Advance or, reduce the stated rate of interest thereon or amend Section 13.16;
- (iv) change the percentage of the Lenders' requirement to constitute the Majority Lenders or otherwise amend the definition of Majority Lenders;
- (v) reduce the stated amount of any Fees to be paid pursuant to this Agreement; permit any subordination of the indebtedness hereunder;
- (vi) release or amend any of the Security Documents, in whole or in part; or alter the terms of this Section 13.14;

- (vii) amend any provision of any of the Loan Documents which include any requirement to obtain the approval of all of the Lenders, to instead include the requirement to obtain the approval of the Majority Lenders.

(c) No amendment to or waiver of any provision of this Agreement to the extent it affects the rights or obligations of an Agent or a Swing Line Lender, as applicable, shall be effective without the prior written consent of the Agent or the Swing Line Lender.

13.15 Determination by Agent Conclusive and Binding.

Any determination to be made by an Agent on behalf of or with the approval of all of the Lenders or the Majority Lenders under this Agreement shall be made by the Agent in good faith and, if so made, shall be binding on all parties, absent manifest error.

13.16 Remittance of Payments.

Forthwith after the withdrawal from the Canadian Agent's Account or U.S. Agent's Account, as the case may be, of any payment of principal, interest, fees or other amounts for the benefit of the Lenders pursuant to this Agreement, the applicable Agent shall, subject to Sections 2.7, 3.1(b) and 12.8(b), remit to each such Lender, in immediately available funds, such Lender's Pro Rata Share of such payment based on such Lender's Individual Commitment under the Canadian Revolver Facility, the Canadian Swing Line Facility, the U.S. Revolver Facility or the U.S. Swing Line Facility, as the case may be, provided that if the Agent, on the assumption that it will receive, on any particular date, a payment of principal (including, without limitation, a prepayment), interest, fees or other amount pursuant to such Credit Facility, remits to each Lender its Pro Rata Share of such payment, as the case may be, and the relevant Borrower fails to make such payment, each of the Lenders agrees to repay to the applicable Agent forthwith on demand, to the extent that such amount is not recovered from the relevant Borrower on demand such Lender's Pro Rata Share of the payment made to it pursuant to this Section, as the case may be, together with interest thereon at the rate payable hereunder by the relevant Borrower in respect of such amount for each day from the date such amount is remitted to the applicable Lenders, until the date such amount is paid or repaid to the applicable Agent the exact amount of the repayment required to be made by such Lenders pursuant to this Section to be as set forth in a certificate delivered by the applicable Agent to each such Lender which certificate shall constitute *prima facie* evidence of such amount of repayment.

13.17 Agents May File Proofs of Claim.

In the case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Pollard Party, either Agent (irrespective of whether the principal of any Advance or Letter shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether either Agent shall have made any demand on either Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Advances, Letters and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agents and their respective agents and counsel and all other amounts due to the Lenders and the Agents) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Agents and, if the applicable Agent(s) shall consent to the making of such payments directly to the Lenders, to pay to the applicable Agent(s) any amount due for reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due to the Agents hereunder.

Nothing contained herein shall be deemed to authorize the Agents to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Agents to vote in respect of the claim of any Lender or in any such proceeding.

13.18 Collateral and Guarantee Matters.

Each of the Lenders (including in its capacities as a potential Cash Management Bank and a potential Hedge Bank) irrevocably authorize each Agent, at its option and in its discretion:

(a) to release any Lien on any property granted to or held by the Agent under any Loan Document (i) upon termination of all of the Commitments and payment in full of all Obligations and the expiration or termination of all Letters, or (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document; and

(b) to subordinate any Lien on any property granted to or held by the Agent under any Loan Document to the holder of any Permitted Lien on such property.

Upon request by either Agent at any time, the Lenders will confirm in writing such Agent's authority to release or subordinate its interest in particular types or items of property pursuant to this Section 13.18. In each case as specified in this Section 13.18, the applicable Agent will, at the Borrowers' expense, execute and deliver to the applicable Pollard Party such documents as such Pollard Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Security Documents or to subordinate its interest in such item, in each case in accordance with the terms of the Loan Documents and this Section 13.18.

13.19 Secured Cash Management Agreements and Secured Hedging Transactions.

No Cash Management Bank or Hedge Bank that obtains the benefits of any Guarantee or any Collateral by virtue of the provisions hereof or of any Guarantee or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article XIII to the contrary, the Agents shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Hedging Transactions unless an Agent has received written notice of such Obligations, together with such supporting documentation as such Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.

13.20 Keepwell Agreement

Each Pollard Party hereby absolutely, unconditionally and irrevocably undertakes that if it is a Qualified ECP Guarantor at the time the guarantee by another Pollard Party that is not then an “eligible contract participant” under the Commodity Exchange Act (each, a “Specified Party”), or the grant of a security interest to the Agent(s) by any such Specified Party, in either case, becomes effective with respect to any Hedging Transaction, to provide such funds or other support to such Specified Party that is a corporation, partnership, proprietorship, organization, trust or other entity as may be needed by such Specified Party from time to time to honor all of its obligations in respect of such Hedging Transaction. Each Pollard Party intends this section to constitute, and this section shall be deemed to constitute, a guarantee of the obligations of, and a “keepwell, support, or other agreement” for the benefit of, each Specified Party for all purposes of the Commodity Exchange Act.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, on the date first above written.

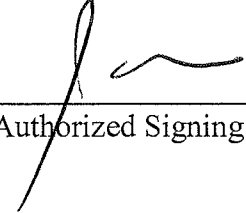
POLLARD BANKNOTE LIMITED
as Borrower

Per: 
(Authorized Signing Officer)

POLLARD HOLDINGS, INC. as Borrower

Per: 
(Authorized Signing Officer)

POLLARD GAMES, INC. as Guarantor

Per: 
(Authorized Signing Officer)

POLLARD (U.S.) LTD. as Guarantor

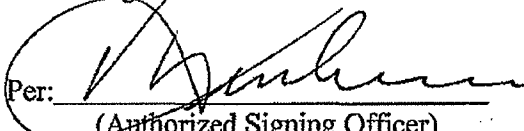
Per: 
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Agent

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

TORONTO DOMINION (TEXAS) LLC
as U.S. Agent

Per: 
(Authorized Signing Officer)
Victor J. Huebner
Authorized Signing Officer

THE TORONTO-DOMINION BANK
as Lead Arranger and Bookrunner

Per: _____
(Authorized Signing Officer)

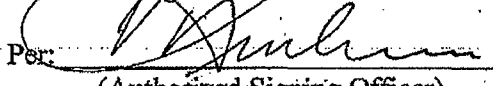
Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Swing Line Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK,
NEW YORK BRANCH
as U.S. Swing Line Lender

Per: 
(Authorized Signing Officer)
Victor J. Huebner
Authorized Signing Officer

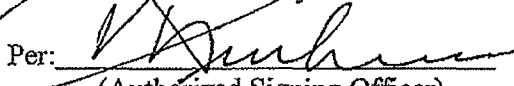
Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

TORONTO DOMINION (NEW YORK) LLC
as U.S. Revolver Facility Lender

Per: 
(Authorized Signing Officer)
Victor J. Huebner
Authorized Signing Officer

HSBC BANK CANADA
as Canadian Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

HSBC BANK USA
NATIONAL ASSOCIATION
as U.S. Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

HSBC BANK CANADA
as Canadian Term Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Agent

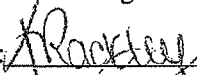
Per: _____
(Authorized Signing Officer)

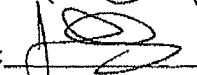
Per: _____
(Authorized Signing Officer)

TORONTO DOMINION (TEXAS) LLC
as U.S. Agent

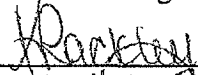
Per: _____
(Authorized Signing Officer)

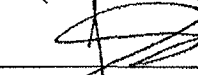
THE TORONTO-DOMINION BANK
as Lead Arranger and Bookrunner

Per:  _____
Kyla Rackley
Senior Analyst
National Accounts
(Authorized Signing Officer)

Per:  _____
James O'Shea
Associate Vice President
National Accounts
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Swing Line Lender

Per:  _____
Kyla Rackley
Senior Analyst
National Accounts
(Authorized Signing Officer)

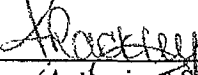
Per:  _____
James O'Shea
Associate Vice President
National Accounts
(Authorized Signing Officer)

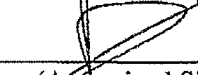
THE TORONTO-DOMINION BANK,
NEW YORK BRANCH
as U.S. Swing Line Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Revolver Facility Lender

Per:  _____
Kyla Rackley
Senior Analyst
National Accounts
(Authorized Signing Officer)

Per:  _____
James O'Shea
Associate Vice President
National Accounts
(Authorized Signing Officer)

TORONTO DOMINION (NEW YORK) LLC
as U.S. Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

HSBC BANK CANADA
as Canadian Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

HSBC BANK USA
NATIONAL ASSOCIATION
as U.S. Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

HSBC BANK CANADA
as Canadian Term Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Agent

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

TORONTO DOMINION (TEXAS) LLC
as U.S. Agent

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Lead Arranger and Bookrunner

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Swing Line Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK,
NEW YORK BRANCH
as U.S. Swing Line Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Revolver Facility Lender


Per: _____
(Authorized Signing Officer)

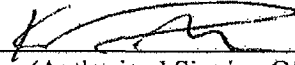
Per: _____
(Authorized Signing Officer)

TORONTO DOMINION (NEW YORK) LLC
as U.S. Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

HSBC BANK CANADA
as Canadian Revolver Facility Lender

Per:  _____
(Authorized Signing Officer) **MARISSA ADAMS**
ASSISTANT VICE PRESIDENT
COMMERCIAL BANKING


Per:  _____
(Authorized Signing Officer) **KEITH PETERS**
ASSISTANT VICE PRESIDENT
COMMERCIAL BANKING

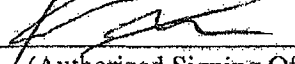
HSBC BANK USA
NATIONAL ASSOCIATION
as U.S. Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

HSBC BANK CANADA
as Canadian Term Facility Lender

Per:  _____
(Authorized Signing Officer) **MARISSA ADAMS**
ASSISTANT VICE PRESIDENT
COMMERCIAL BANKING

Per:  _____
(Authorized Signing Officer) **KEITH PETERS**
ASSISTANT VICE PRESIDENT
COMMERCIAL BANKING

THE TORONTO-DOMINION BANK
as Canadian Agent

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Lead Arranger and Bookrunner

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK,
NEW YORK BRANCH
as U.S. Swing Line Lender


Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

TORONTO DOMINION (NEW YORK) LLC
as U.S. Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

HSBC BANK USA
NATIONAL ASSOCIATION
as U.S. Revolver Facility Lender

Per: 
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

TORONTO DOMINION (TEXAS) LLC
as U.S. Agent

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Swing Line Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

THE TORONTO-DOMINION BANK
as Canadian Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

HSBC BANK CANADA
as Canadian Revolver Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

HSBC BANK CANADA
as Canadian Term Facility Lender

Per: _____
(Authorized Signing Officer)

Per: _____
(Authorized Signing Officer)

SCHEDULE A

INDIVIDUAL COMMITMENTS

Lender	Canadian Revolver Facility	Canadian Swing Line Facility	U.S. Revolver Facility	U.S. Swing Line Facility	Canadian Term Facility
The Toronto-Dominion Bank	\$26,519,106.50 Cdn.	\$15,000,000 Cdn.			
HSBC Bank Canada	\$30,307,550.30 Cdn.				\$4,812,000 Cdn.
Toronto Dominion (New York) LLC			\$3,826,086.96 U.S.		
HSBC BANK USA NATIONAL ASSOCIATION			\$4,173,913.04 U.S.		
The Toronto-Dominion Bank, New York Branch				\$2,000,000 U.S.	
Total Commitments	\$56,826,656.80 Cdn	\$15,000,000 Cdn.	\$8,000,000 U.S.	\$2,000,000 U.S.	\$4,812,000 Cdn

SCHEDULE B

NOTICE OF REQUEST FOR ADVANCE / ACCEPTANCE NOTICE

TO: **[THE TORONTO-DOMINION BANK, as Canadian Agent]
 [TORONTO DOMINION (TEXAS) LLC, as U.S. Agent]**

FROM: **[POLLARD BANKNOTE LIMITED/POLLARD HOLDINGS, INC.]**

DATE: •

1. This notice of request for Advances or Acceptance Notice is delivered to you, as Agent, pursuant to the Third Amended and Restated Loan Agreement dated for reference January 1, 2015, among, *inter alia*, Pollard Banknote Limited and Pollard Holdings, Inc. as borrowers (the "Borrowers"), the Agents and the Lenders specified therein, as amended and restated, amended, modified, supplemented, restated or replaced from time to time (the "Loan Agreement"). All defined terms used, but not otherwise defined, in this notice shall have the respective meanings set forth in the Loan Agreement.

2. The undersigned Borrower hereby requests an Advance as follows:
 - (a) Date of Advance:

 - (b) Applicable Credit:

Canadian Revolver Facility
U.S. Revolver Facility
Canadian Term Facility

 - (c) Aggregate amount of Advances Cdn.\$
U.S.\$

 - (d) Type and amount of Advances
 - (i) Prime Rate Advance: Cdn.\$

 - (ii) U.S. Base Rate Advance: U.S.\$

 - (iii) U.S. Prime Rate Advance: U.S.\$

 - (iv) LIBOR Advance (initial Interest Period: ●): U.S.\$

3. The Borrower hereby issues an Acceptance Notice pursuant to section 4.2 of the Loan Agreement on the following terms:

(a) Bankers' Acceptances (BA Equivalent Notes): Cdn.\$ _____

<u>Amount</u>	<u>Term in Months</u>	<u>Rollover Amount</u>	<u>Acceptance Date</u>
Cdn\$ _____	_____	Cdn\$ _____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(b) LIBOR Advance

	<u>Amount</u>	<u>Term in Months</u>
U.S.\$	_____	_____
	_____	_____
	_____	_____

4. The undersigned Borrower certifies that:

(a) the representations and warranties of each of the Pollard Parties contained in the Loan Documents are true and correct as of the date hereof with the same force and effect as if such representations and warranties had been made on and as of the date hereof, except as follows:

(b) each of the Pollard Parties has fulfilled and complied with all covenants contained in the Loan Documents to be performed or caused to be performed by it on or prior to the date hereof, except as follows:

(c) no Default or Event of Default has occurred and is continuing nor will any such event occur as a result of the issue of the aforementioned Advances or Acceptance, except as follows:

Yours truly,

[POLLARD BANKNOTE LIMITED]

By: _____
Title

By: _____
Title

[POLLARD HOLDINGS, INC.]

By: _____
Title

By: _____
Title

SCHEDULE B1

CONVERSION NOTICE

TO: [THE TORONTO-DOMINION BANK, as Canadian Agent/TORONTO DOMINION (TEXAS) LLC, as U.S. Agent]
[Address]

FROM: [Name of Borrower] (the "Borrower")

DATE: •

1. This Conversion Notice is delivered to you, as Agent, pursuant to the Third Amended and Restated Loan Agreement dated for reference January 1, 2015 between, *inter alia*, the Borrowers, The Toronto-Dominion Bank, in its capacity as the administrative agent for the Canadian Lenders, Toronto Dominion (Texas) LLC, in its capacity as administrative agent for the U.S. Lenders, and the financial institutions from time to time parties thereto as Lenders, as amended to the date hereof (the "**Loan Agreement**"). All capitalized terms used but not otherwise defined in this Conversion Notice have the same meaning attributed thereto in the Loan Agreement.

2. The Borrower hereby requests a conversion under the • Facility as follows:

(a) Type and amount of each Advance to be converted (check appropriate boxes):

- | | <u>Amount</u> |
|---|---------------|
| () Prime Rate Advance | Cdn.\$ _____ |
| () U.S. Base Rate Advance | U.S.\$ _____ |
| () U.S. Prime Rate Advance | U.S.\$ _____ |
| () Bankers' Acceptances (BA Equivalent Notes): | |

	<u>Amount</u>	<u>Term in Months</u>	<u>Rollover Amount</u>
Cdn.			Cdn.
\$	_____	_____	\$
	_____	_____	
	_____	_____	

() LIBOR Advance

	<u>Amount</u>	<u>Term in Months</u>
U.S.\$	_____	_____
	_____	_____
	_____	_____

(b) Type and amount of each Advance resulting from conversion (check appropriate boxes):

	<u>Amount</u>
() Prime Rate Advance	Cdn.\$ _____
() U.S. Base Rate Advance	U.S.\$ _____
() U.S. Prime Rate Advance	U.S.\$ _____
() Bankers' Acceptances (BA Equivalent Notes):	

	<u>Amount</u>	<u>Term in Months</u>	<u>Rollover Amount</u>
Cdn.			Cdn.
\$	_____	_____	\$
	_____	_____	_____
	_____	_____	_____

() LIBOR Advance

	<u>Amount</u>	<u>Term in Months</u>
U.S.\$	_____	_____
	_____	_____
	_____	_____

3. The Borrower certifies that:

- (a) the representations and warranties of each of the Pollard Parties contained in the Loan Documents are true and correct as of the date hereof with the same force and effect as if such representations and warranties had been made on and as of the date hereof, except as follows:
- (b) each of the Pollard Parties has fulfilled and complied with all covenants contained in the Loan Documents to be performed or caused to be performed by it on or prior to the date hereof, except as follows:

- (c) no Default or Event of Default has occurred and is continuing nor will any such event occur as a result of the aforementioned conversion, except as follows:

Yours truly,

SCHEDULE C

Intentionally Deleted

SCHEDULE D

COMPLIANCE CERTIFICATE

TO: [THE TORONTO-DOMINION BANK, as Canadian Agent]
[TORONTO DOMINION (TEXAS) LLC, as U.S. Agent]

Reference is made to the Third Amended and Restated Loan Agreement dated for reference January 1, 2015 among, *inter alia*, Pollard Banknote Limited and Pollard Holdings, Inc., as Borrowers, the Agents and the Lenders specified therein, as amended and restated, amended, modified, supplemented, restated or replaced from time to time (the "Loan Agreement"). All capitalized terms used but not otherwise defined in this notice shall have the respective meanings set forth in the Loan Agreement. This [annual/quarterly] Compliance Certificate is delivered pursuant to Section 8.1(b)(i) of the Loan Agreement for the Financial [Year/Quarter] ending • (the "Period").

I, •, the • of the undersigned, in such capacity and not personally, hereby certify that:

1. I am the duly appointed • of the undersigned and as such I am providing this certificate for and on behalf of the undersigned pursuant to the Loan Agreement.
2. I am familiar with and have examined the provisions of the Loan Agreement including, without limitation, those of Articles 7, 8 and 9 therein.
3. To the best of my knowledge, information and belief, and after due inquiry;

(a) the representations and warranties of each of the Pollard Parties contained in the Loan Documents are true and correct as of the date hereof with the same force and effect as if such representations and warranties had been made on and as of the date hereof, except as follows:

(b) each of the Pollard Parties have fulfilled and complied with all covenants contained in the Loan Documents to be performed or caused to be performed by it at or prior to the date hereof, except as follows:

(c) enclosed herewith is a copy of Schedule P to the Loan Agreement as at the date of last Financial Year/Quarter which has been blacklined to show changes to the copy of Schedule P most recently delivered to you with notes explaining the changes in reasonable detail;

(d) each of the Pollard Parties have paid all realty taxes due and payable by them during the Period; and

(e) no Default or Event of Default has occurred and is continuing as at the date hereof, except as follows:

4. The amounts and financial ratios referred to in Section 8.3 of the Loan Agreement for the Period or as of the end of the Period were as follows (detailed calculations are attached hereto as Annex I):

<u>Financing Ratio</u>	<u>Actual Amount</u>	<u>Required Amount of Limit</u>
(1) Leverage Ratio	•:1.0	3.25x
(2) Leverage Ratio for Pricing Purposes	•:1.0	N/A
(3) Total Debt Service Coverage Ratio	•:1.0	≥1.00:1
(4) Current Ratio	•:1.0	>1:25:1.0

5. Certain additional compliance items referred to in the Loan Agreement for the Period or as of the end of the Period were as follows (detailed calculations are attached hereto as Annex I):

Additional Compliance Terms	Actual Amount	Hedging Limits
(a) Notional amount of Hedging Transactions (FX Hedging)	\$•	\$60,000,000 U.S.
(b) Notional amount of Hedging Transactions (Rate Hedging)	\$•	\$60,000,000 CDN
(c) Notional amount of Hedging Transactions (Commodity Hedging)	\$•	\$5,000,000 U.S.
(d) Disposed Property Amount (Section 8.2 (c))	\$•	N/A
(e) Purchase Money Debt (Section 8.2 (e)) ¹	\$•	N/A

¹ An amount is required to be disclosed only if the Purchase Money Debt as at the end of the Period exceeds \$1,000,000.

7. Based on the Leverage Ratio for the Financial Quarter ending • the Applicable Margin to become effective on • is:

Stamping Fees/Margin on B/A's & LIBOR Loans/Issue Fees for L/Gs	Margin on Prime Rate & USBR Loans	Margin on U.S. Prime Rate Loans	Commitment Fee on unused Portion of Credit Facility:
• basis points	• basis points	• basis points	• basis points

DATED this day of , 201•

[POLLARD BANKNOTE LIMITED]

Per: _____

Name:
Title: Chief Financial Officer

[POLLARD HOLDINGS, INC.]

Per: _____

Name:
Title: Chief Financial Officer

ANNEX "I"
DETAILED CALCULATIONS

SCHEDULE E

SUBSIDIARIES AND LOCATIONS OF COLLATERAL

[See references in Sections 7.1(i)]

Subsidiary Name	Address(es)where business carried out	Jurisdiction of Incorporation/ Formation	Number of shares/units	Location of Collateral
Pollard Banknote Limited	1499 Buffalo Place, Winnipeg, MB 140 Otter Street Winnipeg, MB 6203 46 th Street, Barrhead, AB 45 White Oak Drive Sault Ste. Marie, ON 102-1285 McGill Road, Kamloops, BC	Canada	10,484 Common Shares in Pollard Holdings, Inc.	Manitoba, Alberta, British Columbia, Ontario
Pollard Holdings, Inc.	1499 Buffalo Place, Winnipeg, MB 140 Otter Street Winnipeg, MB	Delaware	1226 Common Shares in Pollard Games, Inc. 1049 Common Shares in Pollard (U.S.) Ltd.	Manitoba, Iowa, Michigan
Pollard (U.S.) Ltd.	1499 Buffalo Place, Winnipeg, MB 140 Otter Street Winnipeg, MB 775 James L. Hart Parkway Ypsilanti, MI	Delaware	No shares/units held	Manitoba, Ontario, Michigan
Pollard Games, Inc.	1499 Buffalo Place, Winnipeg, MB 140 Otter Street Winnipeg, MB 504 – 34 th Avenue Council Bluffs, Iowa	Delaware	No shares/units held	Manitoba, Alberta, Iowa, Michigan

Affiliates: Concursos y Promociones Pollard de Puerto Rico, Inc. (inactive)
 PBL of Puerto Rico, Inc. (inactive)
 Nacako Sdn, Bhd (inactive)
 Shenzhen Palm Commerce & Pollard Banknote Technology Co. Ltd. (China)

Collateral is also situated from time to time in the following places:

- (a) in transit;
- (b) in the hands of parties to whom it has been delivered on a consignment or consignment-type basis; and
- (c) in the hands of suppliers where, in certain cases, the applicable Borrower or Guarantor has paid for raw materials but has not yet received delivery of same.

SCHEDULE F

LITIGATION

[See references in Section 7.1(e)]

Nil

SCHEDULE G

PERMITTED LIENS

[See references in Sections 1.1 and 7.1(j)]

Nil

SCHEDULE H

Intentionally Deleted

SCHEDULE I

Intentionally Deleted

**SCHEDULE J
REAL ESTATE**

[See references in Section 7.1(k)]

Owner	Address	Legal Description
Pollard Banknote Limited	6203 46 th Street, Barrhead, Alberta	PLAN 9221957 BLOCK 8 LOT 1 EXCEPTING THEREOUT ALL MINES AND MINERALS
Pollard (U.S.) Ltd.	775 James L. Hart Parkway Ypsilanti, Michigan	Parts of Lots 6 and 7 of Huron Center Commercial and Industrial Park being part of French Claims No. 680 and 681 as located in Town 3 South, Range 7 East, Ypsilanti Township, Washtenaw County, Michigan, and recorded in Liber 25 on Pages 66 through 68, inclusive of Plats, Washtenaw County Records, described as beginning at the Northwest corner of said Lot 7; thence nontangentially 287.69 feet along the Arc of a 1381.00 feet Radius circular curve concave to the North with a Delta of 11 degrees 56 minutes 10 seconds, degree of curve of 04 degrees 08 minutes 56 seconds, and Chord bearing of North 58 degrees 46 minutes 01 seconds East 287.17 feet along the Southerly Right-of-Way of Commerce Parkway (86 feet wide); thence South 24 degrees 41 minutes 37 seconds East, 579.56 feet; thence South 69 degrees 07 minutes 42 seconds West, 634.30 feet along the Southerly line of said Lots 6 and 7; thence North 21 degrees 49 minutes 40 seconds West, 539.69 feet; thence nontangentially 323.18 feet along the Arc of a 1381.00 feet Radius circular curve concave to the North with a Delta of 13 degrees 24 minutes 29 seconds and a Chord bearing of North 71 degrees 26 minutes 18 seconds East 322.44 feet along the Southerly Right-of-Way of Commerce Parkway (86 feet wide) to the point of beginning. Subject to the Southerly 80.00 feet for a private easement for public drain. Subject to the North 25.00 feet for a private easement for public utilities and landscaping. Tax Item No. 11-17-361-020

SCHEDULE K
ENVIRONMENTAL MATTERS

[See references in Section 7.1(o) and 7.1(p)]

Nil

SCHEDULE L

MATERIAL AGREEMENTS

[See reference in Section 7.1(q)]

Agreement	Parties	Execution Date
Subordination and Postponement Agreement	Pollard Banknote Limited, The Toronto-Dominion Bank, Pollard Equities Limited	January 1, 2015
Subordination of Indebtedness Agreement	Pollard Banknote Limited, Pollard (U.S.) Ltd., Pollard Games, Inc., Pollard Holdings, Inc.	January 1, 2015

SCHEDULE M
PENSION PLANS

Intentionally Deleted

SCHEDULE N

ADDRESSES FOR NOTICE

To Canadian Agent

for drawdowns, rollovers, conversions and repayments:

The Toronto-Dominion Bank, as agent
TD Bank Tower
77 King Street West, 25th Floor
Toronto, ON M5K 1A2
Attention: Vice-President, Loan Syndications-Agency
Fax No.: (416) 982-5535

for all other notices:

The Toronto-Dominion Bank, as agent
TD Bank Tower
77 King Street West, 25th Floor
Toronto, ON M5K 1A2
Attention: Vice-President, Loan Syndications-Agency
Fax No.: (416) 944-6976

To U.S. Agent

for drawdowns, rollovers, conversions and repayments:

Toronto Dominion (Texas) LLC, as agent
c/o The Toronto-Dominion Bank, as agent
TD Bank Tower
77 King Street West, 25th Floor
Toronto, ON M5K 1A2
Attention: Vice-President, Loan Syndications-Agency
Fax No.: (416) 982-5535

for all other notices:

Toronto Dominion (Texas) LLC, as agent
c/o The Toronto-Dominion Bank, as agent
TD Bank Tower
77 King Street West, 25th Floor
Toronto, ON M5K 1A2
Attention: Vice-President, Loan Syndications-Agency
Fax No.: (416) 944-6976

To Borrowers:

Pollard Banknote Limited
1499 Buffalo Place, Winnipeg, MB
R3T 1L7
Attention: Chief Financial Officer
Email: rrose@pbl.ca
Fax No.: (204) 453-1375

With a copy to:

General Counsel
Email: rrichard@pbl.ca
Fax No.: (204) 453-1375

and to:

Director of Treasury
Email: bbraun@pbl.ca
Fax No.: (204) 453-1375

Pollard Holdings, Inc.
1499 Buffalo Place, Winnipeg, MB
R3T 1L7
Attention: Chief Financial Officer
Email: rrose@pbl.ca
Fax No.: (204) 453-1375

With a copy to:

General Counsel
Email: rrichard@pbl.ca
Fax No.: (204) 453-1375

and to:

Director of Treasury
Email: bbraun@pbl.ca
Fax No.: (204) 453-1375

To Canadian Lender:

The Toronto-Dominion Bank
4th Floor, 201 Portage Avenue
Winnipeg, MB R3C 2T2
Attention: Vice President
Email: elia.cholakis@td.com

Fax No.: (204) 957-0029

To Canadian Lender:

HSBC Bank Canada
9th Floor, 10250 - 101 Street
Edmonton, AB T5J 3P4

Attention: Keith Peters
Assistant Vice President,
Commercial Banking

Email: keith.m.peters@hsbc.ca
Fax No.: (780) 426-2660

To U.S. Lender:

Toronto Dominion (New York) LLC
31 West 52nd Street, 20th Floor
New York, New York 10019
Attention: Victor J. Huebner
US Business Banking

Email: vic.huebner@tdsecurities.com
Fax No. (212) 827-7232

To U.S. Lender:

HSBC Bank USA National Association
71 S. Wacker Drive
Suite 2700
Chicago, IL 60606
Attention: Melissa Morris
Email: melissa.a.morris@us.hsbc.com
Fax No. (312) 357-3999

SCHEDULE O

SECURITY DOCUMENTS

General Security Agreements

- General Security Agreement granted by Pollard Holdings, Inc. dated October 30, 2009
- General Security Agreement granted by Pollard (U.S.) Ltd. dated October 30, 2009
- General Security Agreement granted by Pollard Games, Inc. dated October 30, 2009
- General Security Agreement granted by Pollard Banknote Limited dated January 1, 2015

Unlimited Guarantees

- Unlimited Guaranty of the obligations of Pollard Holdings, Inc. given by Pollard (U.S.) Ltd. dated October 30, 2009
- Unlimited Guaranty of the obligations of Pollard Holdings, Inc. given by Pollard Games, Inc. dated October 30, 2009
- Unlimited Guarantee of the obligation of Pollard Holdings, Inc. given by Pollard Banknote Limited dated January 1, 2015
- Unlimited Guaranty of the obligations of Pollard Banknote Limited given by Pollard Holdings, Inc. dated January 1, 2015
- Unlimited Guaranty of the obligations of Pollard Banknote Limited given by Pollard (U.S.) Ltd. dated January 1, 2015
- Unlimited Guaranty of the obligations of Pollard Banknote Limited given by Pollard Games, Inc. dated January 1, 2015

Pledge Agreements

- Pledge of Cash and Collateral granted by Pollard Holdings, Inc. dated October 30, 2009
- Pledge Agreement granted by Pollard Banknote Limited dated January 1, 2015

Mortgage of Real Property

- Mortgage granted by Pollard (U.S.) Ltd. to Toronto Dominion (New York) LLC dated October 30, 2009, regarding the lands and premises in Ypsilanti, Michigan

Other

- Deposit Account Control Agreement between Pollard Games, Inc., Wells Fargo and Toronto Dominion (New York) LLC dated October 30, 2009
- Reaffirmation Agreement from Pollard (U.S.) Ltd. dated January 1, 2015
- Reaffirmation Agreement from Pollard Games, Inc. dated January 1, 2015
- Reaffirmation Agreement from Pollard Holdings, Inc. dated January 1, 2015
- Subordination of Indebtedness Agreement from Pollard Banknote Limited dated January 1, 2015

- Subordination and Postponement Agreement among Pollard Banknote Limited, The Toronto-Dominion Bank and Pollard Equities Limited dated January 1, 2015

SCHEDULE P

**AUTHORIZED AND ISSUED CAPITAL
AS AT JANUARY 1, 2015**

<u>Issuer</u>	<u>Authorized</u>	<u>Issued</u>
Pollard Banknote Limited	An unlimited number of Preference shares, issuable in series, and an unlimited number of Common shares	17,305,158 Common shares to Pollard Equities Limited and 6,238,000 Common shares to various public shareholders
Pollard Holdings, Inc.	50,000 Common shares	10,484 Common shares to Pollard Banknote Limited
Pollard Games, Inc.	2,000 Common shares	1,226 Common shares to Pollard Holdings, Inc.
Pollard (U.S.) Ltd.	2,000 Common shares	1,049 Common shares to Pollard Holdings, Inc.

SCHEDULE Q

Intentionally Deleted

SCHEDULE R

Intentionally Deleted

SCHEDULE S

FORM OF ASSIGNMENT AGREEMENT

THIS AGREEMENT made the • of •, •.

TO: POLLARD BANKNOTE LIMITED,
POLLARD HOLDINGS, INC.,
(the “Borrowers”)

TO: POLLARD (U.S.) LTD.,
POLLARD GAMES, INC.,
(the “Guarantors”)

TO: THE TORONTO-DOMINION BANK,
HSBC BANK CANADA,
TORONTO DOMINION (NEW YORK) LLC,
HSBC BANK USA NATIONAL ASSOCIATION,
(individually a “Lender” and collectively the “Lenders”)

TO: THE TORONTO-DOMINION BANK,
TORONTO DOMINION (TEXAS) LLC,
(the “Agents”)

TO: THE TORONTO-DOMINION BANK,
THE TORONTO-DOMINION BANK, NEW YORK BRANCH,
(“Swing Line Lenders”)

WHEREAS the Borrowers, the Guarantors, the Agents, and the Lenders entered into the Third Amended and Restated Loan Agreement dated for reference January 1, 2015, as amended and restated, amended, modified, supplemented, or restated from time to time (the “Loan Agreement”);

AND WHEREAS Section 12.8(b) of the Loan Agreement contemplates that the Lenders may assign all or any part of their respective interests in the Credit Facilities to one or more Assignees;

AND WHEREAS Section 12.8(f) of the Loan Agreement provides that any Assignee shall be bound, upon the assignment of all or any part of an interest in the Credit Facilities, to execute and deliver an assignment agreement to each of the Agents, the Lenders and the Borrowers, whereby it shall assume the obligations and agree to be bound by all the terms and conditions of the Loan Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants herein contained and the mutual covenants contained in the Loan Agreement, each of the undersigned hereby agrees as follows:

Definitions.

In this Agreement, unless otherwise provided, all capitalized terms shall have the meanings ascribed thereto in the Loan Agreement.

Assumption of Obligations.

The undersigned hereby undertakes and agrees to assume, perform and discharge, from and after the date hereof, all duties, Obligations, covenants and agreements of a Lender in accordance with the terms contained in the Loan Agreement and to be bound by the terms of the Loan Agreement in all respects, and the assigning Lender shall be released therefrom (except in respect of matters which shall have arisen prior to such assignment), to the extent of the amount of the individual Commitments assigned to the undersigned, being [Cdn.\$• of the Canadian Revolver Facility, Cdn.\$• of the Canadian Term Facility, Cdn \$• of the Canadian Swing Line Facility, US \$• of the U.S. Revolver Facility and US \$• of the U.S. Swing Line Facility].

Assignment of Rights.

The undersigned shall have the rights and obligations of the assigning Lender with respect to the Individual Commitments assigned to it.

Address for Notice.

All notices and other communications provided for in this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, sent by facsimile, charges prepaid, sent by email or (except in the case of notices to be provided to a Borrower or Guarantor) sent via Intralinks, at or to the address, facsimile number or email address set forth below its signature hereto or set opposite the party's name in Schedule N to the Loan Agreement or at or to such other address or addresses, facsimile number or numbers or email address or addresses as any party hereto may from time to time designate to the other parties in such manner.

Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery.

Any communication which is transmitted by facsimile, email or Intralinks as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the

recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission. For clarity, notwithstanding anything contained above, any notice or other communication hereunder may be provided to any Borrower or Guarantor by email.

Successors and Assigns.

The terms of this Agreement shall be binding upon and enure to the benefit of each of the Borrowers, the Guarantors, the Agents, the Lenders and the undersigned and their respective successors and permitted assigns,

Governing Law.

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Manitoba and the Laws of Canada applicable therein.

IN WITNESS WHEREOF this Agreement has been duly executed.

[ASSIGNEE]

[Address]

[Facsimile Number]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

[ASSIGNOR]

[Address]

[Facsimile Number]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

THE TORONTO-DOMINION BANK
AS CANADIAN AGENT

[Address]

[Facsimile Number]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

TORONTO DOMINION (TEXAS) LLC
AS U.S. AGENT

[Address]

[Facsimile Number]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

[ISSUING LENDER(S)]

[Address]

[Facsimile Number]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

POLLARD BANKNOTE LIMITED,
AS BORROWER

[Address]

[Facsimile Number]

Per: _____

Authorized Signing Officer

Per: _____
Authorized Signing Officer

POLLARD HOLDINGS, INC.,
AS BORROWER

[Address]

[Facsimile Number]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

SCHEDULE T

Intentionally Deleted

SCHEDULE U

Intentionally Deleted

SCHEDULE V

CANADIAN REPAYMENT NOTICE

[Date]

[The Toronto-Dominion Bank, as Agent]
[Address]

Attention: •

Dear Sirs:

The undersigned refers to the Third Amended and Restated Loan Agreement dated for reference January 1, 2015 among, *inter alia*, Pollard Banknote Limited and Pollard Holdings, Inc., as Borrowers, the Agents and the Lenders specified therein, as amended and restated, amended, modified, supplemented, restated or replaced from time to time (the "Loan Agreement"), and hereby gives you notice pursuant to Section 2.8 of the Loan Agreement that the undersigned Borrower shall [make a repayment of the Outstanding (the "Repayment")] or [reduce the amount of the Commitment (the "Reduction")] under the Loan Agreement, and in that connection sets forth below the information relating to such [Repayment] or [Reduction] as required by Section 2.8 of the Loan Agreement:

1. The [Repayment] or [Reduction] is in respect of [the Canadian Revolver Facility] [the Canadian Term Facility].
2. The Business Day of the [Repayment] or [Reduction] is
3. The aggregate principal amount of the [Repayment] or [Reduction] is [insert currency, amount].
4. The Type of Advance to which the Repayment should be applied is ¹
5. The Payment Account to which the Repayment should be credited is ²

Yours truly,

POLLARD BANKNOTE LIMITED

Per: _____
 Authorized Signature (Title)

Per: _____
 Authorized Signature (Title)

¹ & ² Omit clauses (4) and (5) in the case of a reduction

SCHEDULE W
U.S. REPAYMENT NOTICE

[Date]

[Toronto Dominion (Texas) LLC, as Agent]
[Address]

Attention: •

Dear Sirs:

The undersigned refers to the Third Amended and Restated Loan Agreement dated for reference January 1, 2015 among, *inter alia*, Pollard Banknote Limited and Pollard Holdings, Inc., as Borrowers, the Agents and the Lenders specified therein, as amended and restated, amended, modified, supplemented, restated or replaced from time to time (the "Loan Agreement"), and hereby gives you notice pursuant to Section 2.8 of the Loan Agreement that the [Borrower] shall [make a repayment of the Outstanding (the "Repayment")] or [reduce the amount of the Commitment (the "Reduction")] under the Loan Agreement, and in that connection sets forth below the information relating to such [Repayment] or [Reduction] as required by Section 2.8 of the Loan Agreement:

1. The [Repayment] or [Reduction] is in respect of [the U.S. Revolver Facility].
2. The Business Day of the [Repayment] or [Reduction] is ³
3. The aggregate principal amount of the [Repayment] or [Reduction] is [insert currency, amount].
4. The Type of Advance to which the Repayment should be applied is ⁴
5. The Payment Account to which the Repayment should be credited is ⁵

Yours truly,

POLLARD HOLDINGS, INC.

Per: _____
 Authorized Signature (Title)

Per: _____
 Authorized Signature (Title)

³ Omit clauses (1), (5) and (6) in the case of a reduction
⁴ supra
⁵ supra

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