

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NELSON EDUCATION LTD. AND
NELSON EDUCATION HOLDINGS LTD.**

Applicants

**COMPENDIUM OF THE APPLICANTS
(Comeback Hearing
returnable May 29, 2015)**

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TAB 1



Court File No. CV15-10961-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE
JUSTICE NEWBOULD

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TUESDAY, THE 12TH
DAY OF MAY, 2015

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD.**

Applicants

INITIAL ORDER

THIS APPLICATION, made by Nelson Education Ltd. ("**Nelson Education**") and Nelson Education Holdings Ltd. ("**Holdings**", together with Nelson Education, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Greg Nordal sworn May 11, 2015 and the Exhibits thereto (the "**Nordal Affidavit**") and the Pre-filing Report of the Proposed Monitor, Alvarez & Marsal Canada Inc. ("**A&M**"), and on being advised that the First Lien Agent and the First Lien Steering Committee were given notice of this Application, and on hearing the submissions of counsel for the Applicants, A&M, the First Lien Steering Committee and the First Lien Agent, and on reading the consent of A&M to act as the Court-appointed monitor (the "**Monitor**"), and on *ex parte* notice to the Second Lien Agent (as each defined in the Nordal Affidavit),

CAPITALIZED TERMS

1. THIS COURT ORDERS that, unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Nordal Affidavit.

POSSESSION OF PROPERTY AND OPERATIONS

2. THIS COURT ORDERS that the Applicants shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall each continue to carry on business in the ordinary course and in a manner consistent with the preservation of their business (the “**Business**”) and the Property.

3. THIS COURT ORDERS that the Applicants shall be entitled to continue to utilize the central cash management system currently in place, including the Applicants’ current business forms, cheques and bank accounts, as described in the Nordal Affidavit.

4. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay expenses and satisfy obligations whether incurred prior to, on or after the making of this Order, in the ordinary course of business.

5. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees’ wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were

accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

6. THIS COURT ORDERS that until and including June 10, 2015, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

7. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

8. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

9. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with an Applicant or statutory or regulatory mandates for the supply of goods, content and/or services, including without limitation all computer software, communication and other data services, licenses, distribution, printing, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or an Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods, content or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods, content or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier, content provider or service provider and each of the applicable Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

10. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

11. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

12. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

13. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$2.2 million, as security for the indemnity provided in paragraph 12 of this Order. The Directors' Charge shall have the priority set out in paragraphs 22 and 24 herein.

14. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 12 of this Order.

APPOINTMENT OF MONITOR

15. THIS COURT ORDERS that A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, employees, consultants, agents, experts, accountants, counsel and such other persons currently retained or employed by them shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

16. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicants in their preparation of their cash flow statements, which information shall be reviewed with the Monitor, as required from time to time, which may be used in these proceedings;
- (d) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (e) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

- (f) perform such other duties as are required by this Order or by this Court from time to time.

17. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

18. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

19. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

20. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

21. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

22. THIS COURT ORDERS that the Directors' Charge shall be a first priority charge (to the maximum amount of \$2.2 million), subject to paragraph 24 of this Order:

23. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge shall not be required, and that the Directors' Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Directors' Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

24. THIS COURT ORDERS that the Directors' Charge shall constitute a charge on the Property and such Directors' Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment, except for any validly perfected security interest in favour of a "secured creditor" as defined in the CCAA existing as at the date hereof other than any validly perfected security interest in favour of the First Lien Agent or the First Lien Lenders. Nothing in this Order affects the priority of the First Lien Agent, the Second Lien Agent, the First Lien Lenders and the Second Lien Lenders against the rights of each other and third parties (other than beneficiaries of the Directors' Charge) as of the date of this Order. The Applicants shall

be entitled to seek priority of the Directors' Charge ahead of all or certain of the other Encumbrances on a subsequent motion on notice to those parties likely to be affected thereby.

25. THIS COURT ORDERS that the Directors' Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Directors' Charge (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Directors' Charge nor the execution, delivery, perfection registration or performance of any documents in respect thereof shall create or be deemed to constitute a breach by an Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Directors' Charge; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Directors' Charge do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

26. THIS COURT ORDERS that the Directors' Charge created by this Order over leases of real property in Canada shall only be a charge in the Applicants' interest in such real property leases.

SEALING ORDER

27. THIS COURT ORDERS that each of (i) the summary of the key employee retention program attached as Exhibit J to the Nordal Affidavit, and (ii) the Stockholders and Registration Rights Agreement attached as Exhibit H to the Nordal Affidavit be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

SERVICE AND NOTICE

28. THIS COURT ORDERS that the Monitor shall not, without further order of the Court, (i) publish in the Globe and Mail a notice containing the information prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$10,000, or (iii) prepare a list showing the names and addresses of those creditors, save and except creditors who are individuals, and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available.

29. THIS COURT ORDERS that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at: www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <http://www.alvarezandmarsal.com/nelson>.

30. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Guide is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

31. THIS COURT ORDERS that, except with respect to any motion to be heard on the Comeback Date (as defined below), or an urgent motion subject to further Order of this Court, any interested party that wishes to object to the relief to be sought in a motion brought in these proceedings shall, subject to further Order of this Court, provide the Service List with responding motion materials or a written notice (including by e-mail) stating its objection to the motion no later than three (3) business days prior to the date such motion is returnable (the "**Objection Deadline**"). The Monitor shall have the right to extend the Objection Deadline after consulting with the Applicants.

32. THIS COURT ORDERS that following the expiry of the Objection Deadline, the Monitor or counsel to the Applicants shall inform the Court, including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine (a) whether a hearing in respect of the motion is necessary, (b) whether such hearing will be in person, by telephone or by written submissions only and (c) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the notice of motion.

GENERAL

33. THIS COURT ORDERS that each of the Applicants and the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order or for advice and

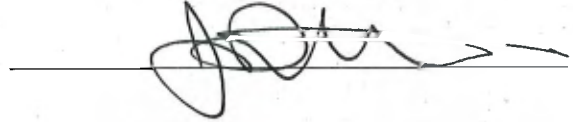
directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

34. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

35. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

36. THIS COURT ORDERS that any interested party (other than the Applicants or the Monitor) that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on May 29, 2015 (the "**Comeback Date**"), and any such interested party shall give notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date. The comeback hearing is to be a true comeback hearing. In moving to set aside or vary any provisions of this Order, moving parties do not have to overcome any onus of demonstrating that the Order should be set aside or varied.

37. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



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

Giuseppe Dipietro
Registrar

MAY 13 2015
NB

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NELSON EDUCATION LTD. AND NELSON EDUCATION HOLDINGS LTD.

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE-
COMMERCIAL LIST**

Proceeding commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicants

TAB 2

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD.

Applicants

NOTICE OF MOTION
(Re: Replacement of the Monitor)
(returnable on May 29, 2015)

To the extent it is necessary to proceed by way of a Notice of Motion, Royal Bank of Canada (“RBC”) will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Friday, May 29, 2015 at 10:00 o’clock in the morning, or as soon after that time as the motion can be heard, at 330 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. If necessary, an Order abridging the time for and validating service of the Notice of Motion and the Motion Record herein and dispensing with further service thereof;
2. In the event the Court continues these CCAA Proceedings, an Order replacing Alvarez & Marsal Canada Inc. (“A&M”) as Monitor; and

3. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. The Applicants sought protection under the *Companies' Creditors Arrangement Act*, RSC. 1985 c. C-36 ("CCAA") and obtained the Initial Order of Justice Newbould dated May 12, 2015;
2. The Initial Order set a Comeback Date of May 29, 2015;
3. A&M was appointed Monitor under the Initial Order, pending the Comeback Hearing;
4. The Monitor as an Officer of the Court owes a duty to all parties in a CCAA proceeding and should be an independent and neutral party;
5. A&M has been retained by the Applicants as their financial advisor since March, 2013 and is not a neutral, disinterested party;
6. Paragraph 36 of the Initial Order of Justice Newbould dated May 12, 2015;
7. Section 11.7 of the CCAA and the inherent and equitable jurisdiction of this Court;
8. Rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
9. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

10. The Affidavit of Greg Nordal sworn on May 11, 2015;
11. The Pre-Filing Report of the Proposed Monitor, A&M, dated May 11, 2015;
12. The Affidavit of Annette Fournier and the exhibits attached thereto sworn on May 20, 2015;
13. Answers to written questions posed to Mr. Nordal;
14. Answers to written questions posed to A&M;
15. The Consent of the Proposed Replacement Monitor, to be filed with the Court prior to the Comeback Hearing;
16. Such further and other material as counsel may advise and this Honourable Court may permit.

May 20, 2015

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Lawyers for Royal Bank of Canada

TO: THIS HONOURABLE COURT
AND TO: THE ATTACHED SERVICE LIST

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AND TO:	<p>ALVAREZ & MARSAL CANADA INC. Royal Bank Plaza, South Tower 200 Bay Street, Suite 2900 Toronto, ON M5J 2J1</p> <p>Alan Hutchens Tel: (416) 847-5159 Fax: (416) 847-5201 Email: ahutchens@alvarezandmarsal.com</p> <p>Andrea Yandreski Tel: (416) 847-5153 Fax: (416) 847-5201 Email: ayandreski@alvarezandmarsal.com</p> <p>Greg Karpel Tel: (416) 847-5170 Fax: (416) 847-5201 Email: gkarpel@alvarezandmarsal.com</p> <p>Monitor</p>
AND TO:	<p>THORNTON GROUT FINNIGAN LLP Barristers & Solicitors Suite 3200, TD West Tower 100 Wellington Street West P.O. Box 329, Toronto-Dominion Centre Toronto, ON M5K 1K7</p> <p>D.J. Miller Tel: (416) 304-0559 Fax: (416) 304-1313 Email: djmiller@tgf.ca</p> <p>Kyla E. M. Mahar Tel: (416) 304-0594 Fax: (416) 304-1313 Email: kmahar@tgf.ca</p> <p>Lawyers for Royal Bank of Canada, as the Second Lien Agent</p>

AND TO:	<p>BENNETT JONES LLP 3400 One First Canadian Place P.O. Box 130 Toronto, ON M5X 1A4</p> <p>Kevin Zych Tel: (416) 777-5738 Fax: (416) 863-1716 Email: zychk@bennettjones.com</p> <p>Sean Zweig Tel: (416) 777-6254 Fax: (416) 863-1716 Email: zweigs@bennettjones.com</p> <p>Lawyers for Wilmington Trust, National Association, as the First Lien Agent, Cortland Capital Market Services LLC, as the Supplemental Agent, and the First Lien Steering Committee</p>
----------------	---

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD. (collectively, the "**APPLICANTS**")

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

NOTICE OF MOTION
(RETURNABLE ON MAY 29, 2015)

Thornton Grout Finnigan LLP

Barristers & Solicitors

Suite 3200, TD West Tower

100 Wellington Street West

P.O. Box 329, Toronto-Dominion Centre

Toronto, ON M5K 1K7

D.J. Miller (LSUC# 34393P)

djmiller@tgf.ca

Tel: (416) 304-0559

Kyla E. M. Mahar (LSUC# 44182G)

kmahar@tgf.ca

Tel: (416) 304-0594

Fax: (416) 304-1313

Lawyers for Royal Bank of Canada

TAB 3

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD.

Applicants

NOTICE OF OBJECTION AND REQUEST FOR ADJOURNMENT

1. All capitalized terms used herein and not defined are as defined in the Affidavit of Greg Nordal sworn on May 11, 2015 (the "**Nordal Affidavit**") filed in support of the Applicants' application herein pursuant to the CCAA.

2. Royal Bank of Canada is:
 - (a) a First Lien Lender holding approximately 12% of the principal amounts outstanding under the First Lien Credit Agreement and is the only First Lien Lender that is not a Consenting First Lien Lender;

 - (b) the Second Lien Agent;

 - (c) a Second Lien Lender holding the largest share of the principal amounts outstanding under the Second Lien Credit Agreement; and

 - (d) the financial institution providing the Cash Management System to the Applicants;

(collectively in such capacities, “RBC”).

3. RBC was served with the Applicants’ Application Record at 8:10 pm on May 11, 2015 and, as a result, has not had an opportunity to consider the Applicants’ Application Record, or to obtain instructions from the Second Lien Lenders in RBC’s capacity as Second Lien Agent. Similarly, RBC received the proposed Monitor’s Pre-Filing Report at 8:55 pm on May 11, 2015.
4. There is no urgency in this matter necessitating the relief sought by the Applicants, effectively on an *ex parte* basis. In order to address any concerns with respect to actions that may be taken by third parties upon the Application Record having been served, RBC is prepared to consent to an Order granting the Applicants an interim stay of proceedings until a scheduled return date for the hearing of the Initial Application, with proper notice to interested parties and with the benefit of a complete record including, without limitation, the delivery of responding materials. Attached as Schedule “A” is a copy of an email and draft Order sent to counsel for the Applicants on May 11, 2015.
5. RBC seeks an adjournment of this Application in order to review and consider its position regarding, among other things:
 - (a) the appropriateness of the CCAA for the sole purpose of effecting the proposed Transaction,
 - (b) the appropriateness of A&M being appointed Monitor in the circumstances of this case; and
 - (c) the provisions of the requested Initial Order, including but not limited to the following:

- (i) priority and scope of the various charges sought;
- (ii) payments to be made during the proposed proceeding, including but not limited to proposed discretionary payments to be made to any Person with the consent of the Majority Initial Consenting First Lien Lenders;
- (iii) protections to be provided to RBC in respect of the continuation of the Cash Management System;
- (iv) request for a Sealing Order in respect of the Stockholders and Registration Rights Agreement; and
- (v) the appropriateness of making the provisions of the Initial Order subject to the Supplemental Support Agreement, which document has not been included in their Application Record.

May 12, 2015



D.J. Miller

Thornton Grout Finnigan LLP
Barristers and Solicitors
100 Wellington Street West
Suite 3200
Toronto, Ontario
M5K 1K7

D.J. Miller (LSUC# 34393P)
djmiller@tgf.ca
Tel: 416-304-0559
Fax: 416-304-1313

Lawyers for RBC

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD. (collectively, the "APPLICANTS")

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

**NOTICE OF OBJECTION AND
REQUEST FOR ADJOURNMENT**

THORNTON GROUT FINNIGAN LLP

Toronto-Dominion Centre
100 Wellington Street West
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D.J. Miller (LSUC# 34393P)
djmiller@tgf.ca

Kyla E. M. Mahar (LSUC# 44182G)
kmahar@tgf.ca

TAB A

D. J. Miller

From: D. J. Miller
Sent: May-11-15 6:27 PM
To: Chadwick, Robert
Cc: Kyla Mahar; 'Descours, Caroline'
Subject: Nelson Education Ltd.
Attachments: Interim Order (Adjournment Terms) (May 12-15).pdf

Rob:

Thanks for your v-mail message.

You've advised that you're attending before Justice Morawetz tomorrow at 8:30 a.m. to commence a CCAA proceeding. Earlier today you provided us with a draft of your client's Application Record on the basis that we could only provide it to RBC, and not to the Second Lien Lenders in respect of which RBC acts as Agent. We have not been served with your client's materials, and would request same (electronically and bound – thank you). Please advise if you have provided His Honour with any materials in advance of your intended appearance tomorrow.

Based on our ability to review what we have received in draft form, and seek limited instructions, we wanted to advise that we will be seeking an adjournment of any hearing tomorrow. We are prepared to discuss a timetable leading to the return of your initial application, and a form of Order that we would be prepared to consent to is attached. If we are able to agree to a timetable leading to the return of the initial application, we are content to have it incorporated into the Order.

Our client expressly reserves all of its rights and remedies.

D.J.



D.J. Miller | djmiller@tgf.ca | Direct Line: 416-304-0559 | Thornton Grout Finnigan LLP | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | Phone: 416-304-1616 | Fax: 416-304-1313 | www.tgf.ca

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Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
 (COMMERCIAL LIST)

THE HONOURABLE REGIONAL
 SENIOR JUSTICE MORAWETZ

)
)
)

TUESDAY, THE 12TH
 DAY OF MAY, 2015

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

AND IN THE MATTER OF A PLAN OF COMPROMISE
 OR ARRANGEMENT OF NELSON EDUCATION LTD.
 AND NELSON EDUCATION HOLDINGS LTD.

(collectively, the "APPLICANTS")

INTERIM STAY ORDER
(Adjournment Terms)

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") has been adjourned after hearing from counsel for the Applicants, the First Lien Steering Committee and the First Lien Agent, the Second Lien Agent and Alvarez & Marsal Canada Inc., in its capacity as the proposed Monitor of the Applicants, to Monday June 1, 2015 on the terms set out in this Order.

GENERAL

1. **THIS COURT ORDERS** that this Application, except for the interim relief granted in paragraphs 3 to 5 of this Order, is adjourned to Monday, June 1, 2015.

2. **THIS COURT ORDERS** that this Order is strictly without prejudice to the positions taken or to be taken by all parties and stakeholders on the return of this Application.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

3. **THIS COURT ORDERS** that until and including June 1, 2015, or such later date as this Court may order (the “**Interim Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants, or affecting the Business or the Property, except with the written consent of the Applicants, or with leave of this Court, and any and all Proceedings currently underway against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

4. **THIS COURT ORDERS** that, during the Interim Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

5. **THIS COURT ORDERS** that, during the Interim Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants, or leave of this Court.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD. (collectively, the "APPLICANTS")

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

INTERIM STAY ORDER
(MAY 12, 2015)

GOODMANS LLP

Barristers & Solicitors

333 Bay Street, Suite 3400

100 Wellington Street West

Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K

rchadwick@goodmans.ca

Caroline Descours LSUC#: 58251A

Tel: (416) 979-2211

Fax: (416) 979-1234

Lawyers for the Applicants

TAB 4

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD.

Applicants

AFFIDAVIT OF ANNETTE FOURNIER
(sworn May 20, 2015)

I, ANNETTE FOURNIER, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a law clerk employed by Thornton Grout Finnigan LLP (“**TGF**”) and am part of the team providing representation to the Royal Bank of Canada (“**RBC**”) in the within-noted matter. As such I have knowledge of the matters affirmed herein, and where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe such information to be true.
2. All capitalized terms used herein and not defined are as defined in the Affidavit of Greg Nordal sworn on May 11, 2015 (the “**Nordal Affidavit**”) filed by the Applicants in support of their application for protection pursuant to the CCAA.
3. In respect of the Applicants, RBC is:

- (a) a First Lien Lender holding approximately 12% of the principal amounts outstanding under the First Lien Credit Agreement and is the only First Lien Lender that is not a Consenting First Lien Lender;
 - (b) a Second Lien Lender, holding the largest share of the principal amounts outstanding, and the Second Lien Agent under the Second Lien Credit Agreement; and
 - (c) the financial institution providing the Cash Management System to the Applicants.
4. Attached hereto as Exhibit "A" is a letter from counsel for RBC, as Second Lien Lender and Second Lien Agent, to counsel to the Applicants dated September 16, 2014.
5. I swear this Affidavit in support of RBC's objections made at the Comeback Hearing on May 29, 2015 and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 20th day of
May, 2015



Commissioner for Taking Affidavits

Asim Iqbal



ANNETTE FOURNIER

TAB A

1(212) 318-6099
andrewtenzer@paulhastings.com

September 16, 2014

Mr. Robert Chadwick
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, OH M5H 2S7

Re: Nelson Education Ltd.

Dear Rob:

We represent Royal Bank of Canada, as a lender and as agent, under the Second Lien Credit Agreement, dated as of July 5, 2007 (as amended or modified from time to time, the "Second Lien Credit Agreement"), by and among Nelson Education Ltd. ("Borrower"), Nelson Education Holdings Ltd., as Holdings, Royal Bank of Canada, as Administrative Agent and Collateral Agent (in such capacity, the "Second Lien Agent"), and the lenders from time to time party thereto (collectively, the "Second Lien Lenders"). Any capitalized terms set forth but not defined herein have the meanings ascribed to such terms in the Second Lien Credit Agreement.

The Second Lien Agent understands that the Borrower has reached an agreement with a steering committee of lenders under its First Lien Credit Agreement, dated as of July 5, 2007 (the "First Lien Credit Agreement"), by and among the Borrower, Holdings, Wilmington Trust, National Association, as successor Administrative Agent and Collateral Agent (in such capacity, the "First Lien Agent"), and the lenders from time to time party thereto (collectively, the "First Lien Lenders") on a restructuring of the Borrower's obligations under the First Lien Credit Agreement (the "Restructuring"). The Second Lien Agent was excluded from any discussions with the First Lien Lenders regarding the Restructuring and is not aware of all of its material terms. Based on what it knows, however, the Second Lien Agent is concerned that the Restructuring, if implemented, would violate the Loan Documents. Accordingly, the Second Lien Agent would like to receive the following information by noon on Friday, September 19.

Consent Fee

The Restructuring includes an early consent fee (the "Consent Fee") payable to First Lien Lenders who sign a support agreement by September 25, 2014. The Second Lien Agent estimates that the Consent Fee would result in payments through the end of 2014 of approximately \$12 million. The Second Lien Agent's questions and concerns regarding the Consent Fee include the following:

- A. Is the Second Lien Agent's calculation of the Consent Fee correct?
- B. The Consent Fee appears to be an increase in the interest rate under the First Lien Credit Agreement of more than 3%. Does the Borrower's calculation differ and, if not, is the Consent Fee permissible under Section 5.3 of the Intercreditor Agreement?

PAUL
HASTINGS

Mr. Robert Chadwick
September 16, 2014
Page 2

C. What does the Borrower contemplate if one or more First Lien Lenders do not sign a support agreement? Is it the Borrower's view that such a non-supporting First Lien Lender would still be entitled to its ratable portion of the Consent Fee under Section 2.14 of the First Lien Credit Agreement?

D. If a non-consenting First Lien Lender elects to challenge the Restructuring, is it the Borrower's view that such lender continues to be entitled to have its legal and other fees reimbursed under the First Lien Credit Agreement?

E. What analysis did the Borrower perform to determine the impact of the payment of the Consent Fee on constituencies other than the First Lien Lenders? In particular, what is the business justification underlying the Consent Fee given that:

(i) the Borrower's default under the First Lien Credit Agreement obligates it to pay only an increase in the default interest rate;

(ii) the Consent Fee reduces the Borrower's cash balances and value at the outset of a sales process in which the Borrower (and its officers and directors) have a duty to maximize value for the benefit of all constituencies;

(iii) the Consent Fee reduces the Borrower's cash balances at a time when the Borrower has prepared for an insolvency proceeding, and may need DIP financing;

(iv) the Consent Fee does not reduce the uncertainty inherent in the Borrower's sales process (described below); and

(v) the Borrower is not current on all of its other obligations including, without limitation, interest and fees owed to the Second Lien Lenders.

F. The Second Lien Agent understands that the Restructuring offers no recovery to the Second Lien Lenders. If accurate, then the Borrower must view the claims under the First Lien Credit Agreement as the fulcrum claims in any restructuring (incorrectly in our view). If that is the Borrower's view, then why does it need to pay any Consent Fee and reduce its cash balances?

Sales Process

A. Over a period of months, the Second Lien Agent has requested that the Borrower share its operating results, projections and cost savings plan. None of that information has been provided, and yet it would seem critical to any potential purchaser of the Borrower. Does such information exist and, if so, why hasn't it been provided to the Second Lien Agent? If it does not exist, can the Borrower market its assets effectively?

B. The Second Lien Agent has requested the Borrower's view on the pro forma financial impact (including potential realized synergies from purchasers) on the Borrower of (i) selling the K-12 and higher education business segments in a single transaction, (ii) selling the K-12 and higher education

PAUL HASTINGS

Mr. Robert Chadwick
September 16, 2014
Page 3

business segments in separate transactions and (iii) selling one business segment and retaining the other. Does such information exist and, if so, why hasn't it been provided to the Second Lien Agent? If it does not exist, can the Borrower market its assets effectively?

C. The sales process appears to face a number of potential obstacles, including from non-consenting First Lien Lenders, the Second Lien Lenders, other creditors, Cengage and "Heritage Canada." How did the Borrower conclude that it could be marketed effectively in the face of these uncertainties?

D. In light of what appears to be the possibility, and perhaps likelihood, of an insolvency proceeding, has the Borrower considered eschewing the Consent Fee and immediately commencing such a proceeding, and marketing its assets while operating in insolvency?

E. Does the Borrower believe that a sale can be consummated without (i) unanimous consent of the Second Lien Lenders or (ii) a CCAA or CBCA proceeding?

F. Does the Borrower believe that prospective buyers would consummate a sale without (i) unanimous consent of the Second Lien Lenders or (ii) a CCAA or CBCA proceeding?

The "Credit Bid"

A. The Restructuring contemplates a purported "credit bid" that results in a restructuring of the First Lien Credit Agreement and the issuance to the First Lien Lenders of shares in Newco. What legal precedent is the Borrower relying on for completing such a transaction?

B. Was the "credit bid" structured to circumvent the voting rights of the Second Lien Lenders under Section 6.9 of the Intercreditor Agreement?

C. Has the Borrower received assurance that First Lien Lenders who receive shares in Newco will provide whatever undertakings Heritage Canada requires of them?

D. Does the Borrower believe that the credit bid can proceed without (i) unanimous consent of the Second Lien Lenders or (ii) a CCAA or CBCA proceeding?

E. How would the credit bid be implemented in, and outside of, an insolvency proceeding?

Other Questions

A. How does the Borrower plan to treat the claims of the Second Lien Lenders and Second Lien Agent?

B. Is the Borrower insolvent? If not, on what basis has the Borrower made this determination?

PAUL
HASTINGS

Mr. Robert Chadwick
September 16, 2014
Page 4

C. On what basis has the Borrower decided to continue to pay unsecured creditors in full, while failing to address the claims of the Second Lien Lenders?

D. Has the Borrower made any determination as to which of its vendors are critical?

The Borrower has agreed to a Restructuring that does not address the Second Lien Lenders' claims. This is disappointing, given that the Second Lien Agent provided unprecedented cooperation to the Borrower in an effort to reach a consensual deal, including waivers of due dates of interest payments and offers to provide a recovery to hopelessly out-of-the-money equity holders. Furthermore, there was a meeting between the Second Lien Agent and the Borrower's CEO, and their respective advisors, in Toronto two weeks ago during which the Second Lien Agent and Borrower agreed on the outline of a proposal to resolve their claims. The Second Lien Agent participated in that meeting at the request of one of the Borrower's board members, who did not show up (he was available by phone, but only to the Borrower and its advisors). The Second Lien Agent has not received any follow-up from the Borrower since that meeting, and questions whether the proposal has been discussed with the First Lien Lenders.

Please note that this letter sets forth only those concerns about the Restructuring that have arisen from the Second Lien Agent's current understanding of its structure. Nothing contained herein is intended to be, or shall be, construed as a waiver or forbearance of any of the rights, remedies, and powers of the Second Lien Lenders or Second Lien Agent against the Borrower, the First Lien Agent, the First Lien Lenders or the Second Lien Lenders' Collateral, or a waiver of any Defaults or Events of Default, or a consent to any departure by the Borrower or the First Lien Lenders from the express provisions of the Second Lien Credit Agreement and the other Loan Documents. The Second Lien Agent, on behalf of the Second Lien Lenders, hereby expressly reserves all of its remedies, powers, rights, and privileges under the Second Lien Credit Agreement, the Intercreditor Agreement and the other Loan Documents, at law, in equity, or otherwise.

Sincerely,



Andrew V. Tenzer
U.S. Counsel to the Second Lien Agent

cc: D.J. Miller, Thornton Grout Finnigan LLP
Paul Shalhoub, Willkie Farr & Gallagher LLP
Kevin Zych, Bennett Jones LLP
Dean Mullett, Alvarez & Marsal
Jeffrey Rose, Wilmington Trust, NA
Jonathan Miller, CDG Group
Les Vowell, RBC

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD. (collectively, the “**APPLICANTS**”)

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

AFFIDAVIT OF ANNETTE FOURNIER
SWORN MAY 20, 2015

Thornton Grout Finnigan LLP

Barristers & Solicitors

Suite 3200, TD West Tower

100 Wellington Street West

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Lawyers for Royal Bank of Canada

TAB 5

Court File No. CV15-10961-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NELSON EDUCATION LTD. AND NELSON
EDUCATION HOLDINGS LTD.**

Applicants

**AFFIDAVIT OF SHEVAUN MCGRATH
(sworn May 22, 2015)**

I, Shevaun McGrath, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY:**

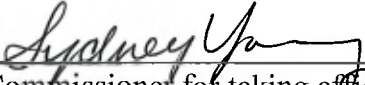
I. INTRODUCTION

1. I am a lawyer with the law firm of Goodmans LLP, counsel to the Applicants in these proceedings under the *Companies' Creditors Arrangement Act*. I have knowledge of the matters to which I depose in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information and in all such cases believe such information to be true.

2. Attached hereto as Exhibit "A" is a copy of the letter from Goodmans LLP, counsel to the Applicants, dated September 19, 2014 (without attachments), responding to the letter from U.S. counsel to Royal Bank of Canada as Second Lien Agent dated September 16, 2014, a copy of which was attached as Exhibit "A" to the Affidavit of Annette Fournier sworn

May 20, 2015 in support of the objections made by the Royal Bank of Canada in connection with the Comeback Hearing.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on May 22, 2015


A Commissioner for taking affidavits
SYDNEY YOUNG



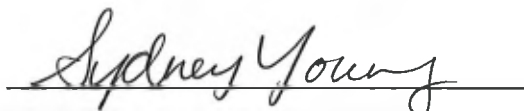
Shevaun McGrath

TAB A

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF SHEVAUN MCGRATH**

SWORN BEFORE ME

ON THIS 22ND DAY OF MAY, 2015

A handwritten signature in cursive script that reads "Sydney Young". The signature is written in black ink and is positioned above a solid horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

6456669



Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.4285
rchadwick@goodmans.ca

September 19, 2014

Via Email

Andrew V. Tenzer
Paul Hastings LLP
75 East 55th Street
New York, NY 10022

Re: Nelson Education Ltd. (“Nelson” or the “Company”)

Dear Sirs,

We acknowledge receipt of your letter dated September 16, 2014, and our response is set out below. Any capitalized terms set forth but not defined herein have the meanings ascribed to such terms in your letter dated September 16, 2014.

Certain of the questions in your letter suggest that your client may not have received the full set of materials relating to the Company’s proposed transaction announced on September 10, 2014 (the “**Transaction**”). Accordingly, enclosed with this letter please find a copy of the Company’s term sheet dated September 10, 2014, a copy of the first lien support agreement dated September 10, 2014 (the “**Support Agreement**”), and a copy of the Company’s presentation relating to the Transaction dated September 10, 2014. These materials are being provided to you and your client on a confidential basis.

As you are aware, the maturity date under the First Lien Credit Agreement was July 3, 2014, and the Company did not have the ability to repay the outstanding obligations under the First Lien Credit Agreement at maturity. The Company has been engaged in discussions with its lenders since June 2013 to address its obligations under its credit facilities and advanced many different transaction structures and options, including, among others, the Company’s proposed transaction announced on July 7, 2014 (the “**July 7 Transaction**”). None of the Company’s proposed transaction structures, including the July 7 Transaction, received the support of the Company’s lenders, and the Company continued to engage in ongoing discussions and negotiations with its lenders, including your client, with the goal of achieving a consensual resolution.

Prior to announcing the Transaction on September 10, 2014, the Company had reviewed and considered numerous various options and alternatives and considered the interests of the Company and its stakeholders. The Company believes that the Transaction announced on September 10, 2014 is in the best interests of the Company as the Transaction, among other things, protects value, provides stability for the Nelson business, including its employees, customers, lenders and other key stakeholders, preserves the priority waterfall among the Company’s lenders, and includes a comprehensive and open sale process to identify potential sale transactions.

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The Company believes that the early consent consideration to be provided to those First Lien Lenders under the Company's First Lien Credit Agreement who consent to the Transaction and execute the Support Agreement on or prior to the September 25, 2014 early consent date is within market norms for a transaction of this nature and does not violate the Intercreditor Agreement. The Support Agreement provides that only those First Lien Lenders who execute the Support Agreement, or a Joinder Agreement in the form attached to the Support Agreement, prior to 5:00 p.m. on September 25, 2014 will be entitled to receive the early consent consideration. Any First Lien Lenders who do not execute the Support Agreement, or a Joinder Agreement in the form attached to the Support Agreement, prior to 5:00 p.m. on September 25, 2014 will not be entitled to receive the early consent consideration.

The Sale Process in connection with the Transaction has been structured to explore all possible sale and investment alternatives that may be available to the Company in a fair and open process. The Company believes that the Sale Process is fair and appropriate in the circumstances. The Company's intention is to seek the Second Lien Lenders' support for any potential transaction resulting from the Sale Process based on the results and facts at the appropriate time.

The Company has worked with RBC and its advisors cooperatively to advance a consensual solution that could be accepted by the parties. The Second Lien Agent has a significant amount of information relating to the Company as well as its refinancing efforts. The Company has also paid the Second Lien Agent's advisors' fees and expenses in a significant amount since March 2013.

The Company has until mid-November 2014 to determine a process for implementing the Transaction, and the Company intends to continue to work cooperatively with the Second Lien Agent and seek its views with respect to any such process. If the Company does not obtain the support of the Second Lien Agent for such a process, the Company may require a court process to implement the Transaction.

We disagree with the characterization of the September 2, 2014 meeting among the Company's representatives and advisors and the Second Lien Agents' representatives and advisors in your letter of September 16, 2014 and believe certain statements in your letter are factually incorrect.

At the September 2, 2014 meeting, the Company's CEO, financial advisors and counsel were all in attendance, and at a pre-arranged time at the meeting, they conducted discussions with one of the board members of the Company, as communicated to you at the meeting. Following the September 2, 2014 meeting, we followed up with you on September 3, 2014 asking whether you had any views or feedback following the discussions at the September 2, 2014 meeting. You responded that you did not.

On Saturday, September 6, 2014, we provided you with a proposed transaction outline addressing the Second Lien Lenders' claims. We received feedback from you over the following two days and provided a copy of the proposed transaction outline, incorporating your feedback, to the First Lien Lenders' advisors on September 8, 2014. We followed up with the First Lien Lenders' advisors and provided you with a revised proposed transaction outline on September 18, 2014.

The Company intends to continue to work constructively with the Second Lien Agent to find a consensual solution in order to protect and maximize value. We continue to be available to discuss


- 3 -

Goodmans^{LLP}

matters with you and your client and to advance outstanding matters to a resolution in order to provide the Company stability and certainty as well as protect the interests of the Company's stakeholders.

Yours very truly,

Goodmans LLP



Robert J. Chadwick

cc: D.J. Miller, Thornton Grout Finnigan LLP
Jonathan Miller, CDG Group
Les Vowell, RBC
Dean Mullet, Alvarez & Marsal
Caroline Descours, Goodmans LLP

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

Court File No: CV15-10961-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NELSON EDUCATION LTD. AND NELSON EDUCATION HOLDINGS LTD.**

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE-
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF SHEVAUN MCGRATH
(sworn May 22, 2015)

GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

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Lawyers for the Applicants

TAB 6

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD.

Applicants

WRITTEN QUESTIONS ON AFFIDAVIT OF GREG NORDAL
SWORN MAY 11, 2015

In order to accommodate Greg Nordal's schedule, Royal Bank of Canada ("**RBC**") has agreed to provide written questions in respect of his affidavit sworn on May 11, 2015 (the "**Nordal Affidavit**") as it relates solely to the issues being addressed at the Comeback Hearing and the parties have agreed that the written questions will be answered by close of business on May 25, 2015 such that the answers can be considered prior to the Comeback Hearing. RBC reserves its rights with respect to cross examining Mr. Nordal on all other aspects of his affidavit (including as it relates to the proposed Transaction and any sale motion brought by the Applicants) at a later date.

Defined Terms

1. Capitalized terms not defined herein shall have the meanings ascribed to them in the Nodal Affidavit.

Questions

2. In paragraph 3 of your affidavit you indicate that the principal objectives for commencing CCAA proceedings are (i) to ensure the ongoing operations of the Applicants; and (ii) to complete the sale and transfer of Nelson Education's business to a newly incorporated entity to be owned indirectly by the First Lien Lenders pursuant to the Transaction. In respect of objective (i):
 - (a) Has Nelson Education been placed on COD terms with any of its critical suppliers? If so, please provide the details.
 - (b) Has Nelson Education been unable to pay its trade suppliers and other unsecured creditors in the ordinary course over the past 6 months?
 - (c) Has Nelson Education lost any critical contracts over the past 6 months as a result of its inability to pay or perform?
3. What professional qualifications or designations do you have as it relates to the valuation or appraisal of a business?
4. What was Nelson Education's EBITDA (on the same basis as stated in your Affidavit, i.e. prior to netting pre-publication expenditures), for the fiscal years ending March 31, 2011, March 31, 2012 and March 31, 2013?
5. When was the decision made by the Applicants to stop paying interest to the Second Lien Lenders?
6. Was A&M involved or present when the decision was made by management and/or the board of the Applicants to stop paying interest to the Second Lien Lenders?

7. When was the decision made by the Applicants to stop paying professional fees of the Second Lien Lenders?
8. Was A&M involved or present when the decision was made by management and/or the board of the Applicants to stop paying professional fees to the Second Lien Lenders?
9. Was A&M involved on behalf of the Applicants in the negotiations with the First Lien Lenders on the terms of the First Lien Term Sheet and the Support Agreement?
10. Was A&M present during discussions with either management and/or the board of the Applicants when the decision was made by the Applicants to accept the First Lien Term Sheet and the Support Agreement?
11. Did management and/or the board consider the impact of the Support Agreement on the Second Lien Lenders or on the Non-Consenting First Lien Lenders?
12. What is the aggregate amount of the Consent Fee that has been paid to the Consenting First Lien Lenders to date?
13. In paragraph 94 of your Affidavit you state that the Consenting First Lien Lenders comprise 21 of 22 of the First Lien Lenders holding approximately 88% of the First Lien Debt. Please provide a list of the Consenting First Lien Lenders and their holdings that comprise 88% of the First Lien Debt.
14. Why do you think that Nelson Education is “well positioned to take advantage of future increasing opportunities in the digital education market space”?

15. Have you been involved in any discussions with the First Lien Lenders, A&M or the board wherein undertaking an initial public offering was discussed? If so, please provide details of these discussions and any written correspondence, materials (summaries, presentations etc.) that you have received.

May 22, 2015

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Lawyers for the Applicants

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD.
AND NELSON EDUCATION HOLDINGS LTD. (collectively, the "**APPLICANTS**")

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

WRITTEN QUESTIONS ON AFFIDAVIT OF GREG NORDAL
SWORN MAY 11, 2015

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Lawyers for Royal Bank of Canada

TAB 7

Court File No. CV15-10961-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NELSON EDUCATION LTD. AND NELSON
EDUCATION HOLDINGS LTD.**

Applicants

**RESPONSES TO WRITTEN QUESTIONS ON AFFIDAVIT
OF GREG NORDAL SWORN MAY 11, 2015**

Set out below are responses to Royal Bank of Canada's Written Questions on Affidavit of Greg Nordal sworn May 11, 2015 (the "**Nordal Affidavit**") in connection with the Comeback Hearing (the "**RBC Written Questions**"). Any capitalized terms that are used herein but not defined herein shall have the meaning ascribed to them in the Nordal Affidavit.

Response to Question 2(a)¹

1. One vendor (a printer representing approximately 21% of the Company's total print requirements) placed the Company on COD terms prior to the commencement of the Company's CCAA proceedings.
2. Another vendor (a vehicle fleet management company) required, prior to the commencement of the Company's CCAA proceedings, an increased deposit on account and commenced

¹ It is noted that the first question in the RBC Written Questions is numbered as question "2". There is no question "1" in the RBC Written Questions.

withdrawing funds directly from the Company's bank account on the same day that the Company gets invoiced in connection with the services provided by such vendor.

Response to Question 2(b)

3. No.

Response to Question 2(c)

4. Two management-level employees terminated their employment with the Company citing among their reasons for leaving the uncertainty facing the Company in its circumstances.

Response to Question 3

5. I have 15 years of experience in a role of Chief Executive Officer and/or President of a number of different businesses. I have a Bachelor of Commerce (Honours). I do not have a specific professional designation with respect to the valuation or appraisal of a business.

Response to Question 4

6. Nelson Education's EBITDA (on the same basis as stated in my Affidavit, i.e. *net* of pre-publication expenditures) for the fiscal year ended June 30, 2011 was approximately \$47.4 million, for the fiscal year ended June 30, 2012 was approximately \$37.3 million, and for the fiscal year ended June 30, 2013 was approximately \$40.9 million. For clarity, the foregoing figures exclude EBITDA in respect of Modulo, consistent with the EBITDA figures referenced in my Affidavit given, as noted at paragraph 22 of my Affidavit, Modulo was sold on January 31, 2013.

7. I note that, as stated at paragraph 50 of my Affidavit, as of March 31, 2014, the Company changed its fiscal year end to March 31. Prior to then, the Company's fiscal year ended on June 30.

Response to Question 5

8. The Company's decision in respect of the interest under the Second Lien Credit Agreement was not made at one single point in time. It was a detailed and involved process, and involved numerous discussions, circumstances and negotiations, as set out below.
9. At the March 20, 2014 meeting of the Board of Directors of the Company, the directors considered various options with respect to the second lien interest payment due on March 31, 2014 (the "**March Interest Payment**"), including payment of the interest, non-payment of the interest, and seeking an extension of the cure period under the Second Lien Credit Agreement. The Board directed the Company's advisors to discuss the options available to the Company with RBC as Second Lien Agent and to provide a report to the Board on those discussions.
10. Goodmans LLP ("**Goodmans**") and Alvarez & Marsal Canada Securities Inc. ("**A&M Securities**") engaged in discussions with RBC and its advisors in connection with the March Interest Payment.
11. At the March 27, 2014 meeting of the Board of Directors of the Company, the Company's advisors reported to the Board with respect to their discussions with RBC and its advisors.
12. The advisors and the Board discussed the potential implications of the options with respect to the March Interest Payment and the Board agreed that the Company would not pay the

March Interest Payment on March 31, 2014 and would continue discussions with the Second Lien Agent during the existing cure period under the Second Lien Credit Agreement (being seven business days, or such additional cure period as extended by the Required Lenders (as defined in the Second Lien Credit Agreement) under the Second Lien Credit Agreement).

13. Goodmans was directed by the Board to draft a letter on behalf of the Company addressed to RBC as Second Lien Agent, to be signed by the appropriate Company signatory, to be sent to RBC as formal direction that RBC is not to take from the Company's bank account the March Interest Payment until further written direction from the Company.
14. On March 27, 2014, Nelson Education sent a letter to RBC directing the Second Lien Agent not to withdraw or fund from the Borrower's bank account(s) the interest payment due under the Second Lien Credit Agreement on March 31, 2014 until further written direction from the Company. A copy of the letter is attached hereto as Schedule "A".
15. At the April 7, 2014 meeting of the Board of Directors of the Company, Goodmans and A&M Securities updated the Board on the further discussions with RBC with respect to the March Interest Payment. The Board gave me the discretion for the Company to pay a portion of the March Interest Payment in connection with a 30-day extension of the cure period under the Second Lien Credit Agreement.
16. On April 9, 2014, Nelson Education, Holdings, the Second Lien Agent and the Second Lien Lenders entered into a Grace Period Extension Agreement (the "**Grace Period Extension Agreement**", a copy of which is attached hereto (without lender signature pages) as Schedule "B") pursuant to which, among other things, the Second Lien Agent and the Second Lien Lenders agreed to extend the cure period under the Second Lien Credit Agreement to 5:00

p.m. (New York City Time) on the earlier to occur of (i) May 9, 2014, and (ii) the date of the occurrence of any Termination Date (as defined in the Grace Period Extension Agreement). Pursuant to the Grace Period Extension Agreement, the parties agreed that Nelson Education would pay a partial payment of the March Interest Payment in the amount of US\$350,000, which amount was applied to reduce the outstanding amount of the March Interest Payment. The remaining portion of the March Interest Payment is referred to herein as the “**Remaining March Interest Payment**”.

17. Nelson Education, Holdings, the Second Lien Agent and the Second Lien Lenders entered into a Second Grace Period Extension Agreement dated as of April 30, 2014 (the “**Second Grace Period Extension Agreement**”, a copy of which is attached hereto (without lender signature pages) as Schedule “C”) pursuant to which, among other things, the Second Lien Agent and the Second Lien Lenders agreed to further extend the cure period under the Second Lien Credit Agreement to 5:00 p.m. (New York City Time) on the earlier to occur of (i) May 30, 2014, and (ii) the date of the occurrence of any Termination Date (as defined in the Second Grace Period Extension Agreement).
18. The cure period in respect of the March Interest Payment under the Second Lien Credit Agreement was not extended beyond May 30, 2014 and the Remaining March Interest Payment was not paid.
19. During, and following the expiry of, the extended cure period under the Second Grace Period Extension Agreement, the Company and its advisors advanced restructuring term sheets to address the Company’s obligations under the First Lien Credit Agreement and the Second Lien Credit Agreement.

20. At the June 27, 2014 meeting of the Board of Directors of the Company, the Board resolved that, in light of the continuing discussions with its lenders and the upcoming maturity of the First Lien Credit Agreement on July 3, 2014, the Company would be authorized to not make the interest payment due on June 30, 2014 under the Second Lien Credit Agreement and to deliver notice of such non-payment to RBC as Second Lien Agent.
21. As discussed in my Affidavit starting at paragraph 89, on July 7, 2014, Nelson Education commenced a consent solicitation process to solicit the consent of the First Lien Lenders to the amendment and extension of the First Lien Credit Agreement. On July 17, 2014, RBC executed the Company's Consent and Support Agreement dated as of July 7, 2014 (the "**July Support Agreement**") agreeing to the Term Sheet attached thereto as Schedule "A" which included, among other things, a condition that the indebtedness under the Second Lien Credit Agreement be resolved in a manner involving no cash payment of interest to lenders under the Second Lien Credit Agreement. A copy of the July Support Agreement (without signature pages) is attached hereto as Schedule "D").
22. On September 10, 2014, Nelson Education and Holdings entered into the First Lien Support Agreement which provides that neither Nelson Education nor Holdings shall, unless consented to by the Majority Initial Consenting First Lien Lenders (as defined in the First Lien Support Agreement), make any payment in connection with the Second Lien Credit Agreement, including any interest or other payment that is due or that may become due pursuant to the Second Lien Credit Agreement.

Response to Question 6

23. A&M Securities was present at the meetings of the Board of Directors discussed above on March 20, 2014, March 27, 2014, April 7, 2014 and June 27, 2014. A&M Securities was involved in certain discussions with RBC and its financial advisors in connection with the extension of the cure period. Goodmans was also involved in various discussions relating to such matters.

Response to Question 7

24. The Company made payments in respect of professional fees of the Second Lien Agent pursuant to the Grace Period Extension Agreement and the Second Grace Period Extension Agreement.

25. The Company's last payments in respect of professional fees of the Second Lien Agent were made in respect of the following invoices:

- a. Invoice of CDG Group, financial advisor to the Second Lien Agent ("**CDG**"), dated July 1, 2014;
- b. Invoice of Thornton Grout Finnigan LLP, Canadian counsel to the Second Lien Agent ("**TGF**"), dated July 11, 2014; and
- c. Invoice of Paul Hastings LLP, U.S. counsel to the Second Lien Agent ("**Paul Hastings**"), dated May 31, 2014.

26. The next invoices for CDG, TGF and Paul Hastings received by the Company were dated July 30, 2014, September 3, 2014 and October 10, 2014, respectively. The Company has not paid these or subsequent invoices of CDG, TGF or Paul Hastings.
27. At the August 5, 2014 meeting of the Board of Directors, the Board discussed, among other things, the advisory fees of the Second Lien Agent and agreed that without further progress, a reduction in the monthly fees paid to CDG would likely be imposed and delegated authority to management to discuss a reduction of the CDG advisory fees. The decision to defer or stop payment of CDG's monthly fees was made by the Company in August 2014.
28. On September 10, 2014, Nelson Education and Holdings entered into the First Lien Support Agreement which provides that neither Nelson Education nor Holdings shall, unless consented to by the Majority Initial Consenting First Lien Lenders (as defined in the First Lien Support Agreement), make any payment in connection with the Second Lien Credit Agreement, including any payment for fees, costs or expenses to any legal, financial or other advisor to the Second Lien Agent.

Response to Question 8

29. A&M Securities was involved in discussions with CDG in connection with its financial advisory fees throughout January and February 2014, including a discussion to change CDG's fee structure to be based on an hourly rate charged for work completed rather than the existing set monthly fee, which was declined by CDG.
30. A&M Securities was not involved or present when the decision to cease payment of CDG's fees was made. I understand that once A&M Securities had become aware that the Company

was considering ceasing payment of CDG's fees, as a professional courtesy, A&M Securities advised CDG on August 3, 2014 by way of e-mail that discussions were ongoing about ending the CDG engagement, including non-payment of the most recent invoice. At this time, the Company had not yet made a formal decision with respect to the payment of CDG's fees and was considering the matter.

31. A&M Securities was present at the August 5, 2014 meeting of the Board of Directors discussed above, but had left the meeting prior to the discussion of the advisory fees of the Second Lien Agent.

Response to Question 9

32. Negotiations with the First Lien Steering Committee and its advisors on the terms of the First Lien Term Sheet and the First Lien Support Agreement were led by the Company and Goodmans. The final business and legal terms of the First Lien Term Sheet and the the First Lien Support Agreement were largely settled at an in-person meeting held on September 4, 2014 in New York attended by me and Robert Chadwick on behalf of the Company and certain representatives of the First Lien Steering Committee and their legal advisors and financial advisor. A&M Securities was not present at the September 4, 2014 meeting in New York and did not participate in the negotiations at this meeting. A&M Securities may have had certain discussions with the financial advisor or the First Lien Lenders in respect of the draft First Lien Term Sheet and the draft First Lien Support Agreement prior to their completion from time to time.

Response to Question 10

33. A meeting of the Board of Directors was held on September 4, 2014 (the same day of the meeting discussed above in paragraph 32) at which, among other things, (i) outstanding items with respect to the First Lien Term Sheet and the First Lien Support Agreement, and (ii) the selection of a financial advisor to lead the sale and investment solicitation process pursuant to the First Lien Term Sheet and the First Lien Support Agreement were discussed. A&M Securities was present at this meeting for the update relating to outstanding items with respect to the First Lien Term Sheet and the First Lien Support Agreement, but left the meeting prior to the discussion in connection with the selection of a financial advisor.
34. The meeting was adjourned following the discussion of the above noted matters and Robert Chadwick and I resumed our negotiations with the representatives of the First Lien Steering Committee and their legal advisors and financial advisor to resolve the remaining outstanding items in connection with the First Lien Term Sheet and the First Lien Support Agreement.
35. The meeting of the Board of Directors was reconvened later that afternoon, without the attendance of A&M Securities. Robert Chadwick and I provided an update to the Board on the further negotiations that had taken place since the earlier meeting of the Board, and the Board authorized me and Robert Chadwick to advance the outstanding issues to reach a resolution on the basis discussed at the reconvened meeting of the Board.

Response to Question 11

36. Yes.

Response to Question 12

37. As of May 25, 2015, the aggregate amount of the Consent Fee that has been paid to the Consenting First Lien Lenders is approximately US\$11,984,058.

Response to Question 13

38. Pursuant to the First Lien Support Agreement (a copy of which (without lender signature pages) is attached as Exhibit “G” to my Affidavit), Nelson Education and Holdings agreed to maintain the confidentiality of the identity and the specific holdings of each of the Consenting First Lien Lenders. I understand from Robert Chadwick of Goodmans that Goodmans has contacted the legal advisors to the First Lien Steering Committee to inquire whether the Consenting First Lien Lenders would permit the disclosure of their identities and holdings in order for the Company to respond to question 13 of the RBC Written Questions. To date, the legal advisors to the Consenting First Lien Lenders have not yet responded to Goodmans’ request. Accordingly, I am not in a position to provide the information requested under question 13 of the RBC Written Questions without the consent of the Consenting First Lien Lenders under the First Lien Support Agreement.

39. I understand from Robert Chadwick of Goodmans that Goodmans has contacted the legal advisors to the First Lien Agent to request a list of the Register (as defined in the First Lien Credit Agreement) which records, among other things, the names of and principal amounts owing to the First Lien Lenders. Upon receipt, the Company will provide a copy of the Register to RBC in its capacity as First Lien Lender as under the First Lien Credit Agreement the Register is to be available for inspection by the Company, the First Lien Agent and any First Lien Lender subject to the terms of the First Lien Credit Agreement.

Response to Question 14

40. The reasons for why I believe that Nelson Education is well positioned to take advantage of future increasing opportunities in the digital educational market space are set out at paragraphs 77 to 83, inclusive, of my Affidavit. I believe that such paragraphs accurately reflect my view with respect to question 14.

Response to Question 15

41. Prior to joining Nelson Education as President and CEO in September 2008, I had certain limited discussions with representatives of Apax and OMERS in connection a potential future initial public offering in respect of the Company. Since my commencement at Nelson Education as President and CEO in September 2008, I have not been involved in any discussions with the First Lien Lenders, A&M or the Board wherein undertaking an initial public offering was discussed.

Dated: May 25, 2015

TAB A

Schedule “A”

(see attached)

March 27, 2014

Via Email

Royal Bank of Canada
200 Bay Street, 12th Floor
Royal Bank Plaza, South Tower
Toronto, Ontario M5J 2W7

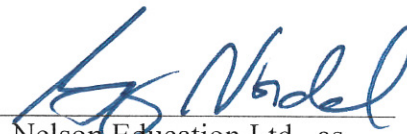
Attention: Ann Hurley
Senior Manager, Agency Services Group
ann.hurley@rbccm.com

Re: Second Lien Credit Agreement dated July 5, 2007 among Nelson Education Ltd. as Borrower, Nelson Education Holdings Ltd., Royal Bank of Canada as Administrative Agent and Collateral Agent, and the other lenders party thereto (the "Second Lien Credit Agreement")

Nelson Education Ltd., as Borrower under the Second Lien Credit Agreement (the "**Borrower**"), hereby directs Royal Bank of Canada, as Administrative Agent and Collateral Agent under the Second Lien Credit Agreement, not to withdraw or fund from the Borrower's bank account(s) the interest payment due under the Second Lien Credit Agreement on March 31, 2014 until further written direction from the Borrower.

Pursuant to Section 8.01(a) of the Second Lien Credit Agreement, the non-payment of interest under the Second Lien Credit Agreement is subject to a cure period of seven (7) Business Days, or such additional cure period as extended by the Required Lenders under the Second Lien Credit Agreement, prior to constituting an Event of Default under the Second Lien Credit Agreement.

Please confirm receipt of this letter by signing below and returning a signed copy to the Borrower.



Nelson Education Ltd., as
Borrower
Name: *Greg Nordal*
Title: *President's CEO*

RECEIVED AND ACKNOWLEDGED:

Royal Bank of Canada, as
Administrative Agent and
Collateral Agent

Name:

Title:

6312632

TAB B

Schedule “B”

(see attached)

GRACE PERIOD EXTENSION AGREEMENT

GRACE PERIOD EXTENSION AGREEMENT, dated as of April 9, 2014 (this "Agreement"), in respect of the Second Lien Credit Agreement referred to below, by and among Nelson Education Ltd., a corporation incorporated under the laws of Canada ("Borrower"), Nelson Education Holdings Ltd., a corporation incorporated under the laws of Canada ("Holdings"), the other Loan Parties party hereto, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the Lenders party hereto. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement (as hereinafter defined).

RECITALS:

Reference is made to the following agreements, facts and circumstances:

A. Borrower, Holdings, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the lenders from time to time party thereto (collectively, the "Lenders") are party to that certain Second Lien Credit Agreement, dated as of July 5, 2007 (as amended, supplemented or otherwise modified from time to time, the "Second Lien Credit Agreement").

B. Borrower and Holdings acknowledge and have informed the Administrative Agent that Borrower has failed to make the interest payment in the amount of \$2,392,740.83 which was due and owing and required to be made under Section 2.09 of the Second Lien Credit Agreement on March 31, 2014 (the "Required Interest Payment").

C. Borrower and Holdings acknowledge and have informed the Administrative Agent that in the event that the Required Interest Payment is not paid within the seven (7) Business Day cure period (the "Cure Period") set out in Section 8.01(a)(ii) of the Second Lien Credit Agreement, an Event of Default will arise under the terms of the Second Lien Credit Agreement (the foregoing, the "Potential Event of Default").

D. Borrower has requested that the Administrative Agent and the Lenders party hereto extend the Cure Period for the Required Interest Payment, on a one-time basis, to the Extended Cure Date (as defined below) (the "Extension").

E. The Administrative Agent and the Lenders party hereto are prepared to consent to the Extension subject to Borrower's full and timely compliance with the limitations, terms, conditions and covenants contained in this Agreement, the Second Lien Credit Agreement and the other Loan Documents.

ACKNOWLEDGMENTS:

(a) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees to the accuracy of all Recitals included in this Agreement.

(b) To the extent that there is a conflict between the terms of this Agreement and the terms of the Second Lien Credit Agreement or the other Loan Documents as it relates to the Required Interest Payment only, the terms of this Agreement shall govern.

(c) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees that as of March 31, 2014:

(i) the outstanding principal amount of Loans (exclusive of interest, costs, fees and other expenses payable by Borrower and the other Loan Parties to the Administrative Agent and the other Secured Parties under the Second Lien Credit Agreement and the other Loan Documents) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Principal Amount of Loans:	\$153,218,764.07
----------------------------	------------------

(ii) the accrued but unpaid interest at the non-default rate in respect of the Loans (referred to above as the Required Interest Payment) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Accrued Interest (at non-default rate) - Loans:	\$2,392,740.83
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AGREEMENTS:

NOW THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to the above Recitals and Acknowledgments, and further agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement. In addition, the following terms, for the purposes of this Agreement, shall have the following meanings:

(a) “Agreement Effective Date” has the meaning assigned in Section 4 hereof.

(b) “Cash Forecast” means forecast of cash and working capital on a monthly basis for each of the 12-months of the fiscal year ending March 31, 2015 and to include projected professional fees and expenses.

(c) “Extended Cure Date” means 5:00 p.m. (New York City time) on the earlier to occur of (i) May 9, 2014, and (ii) the date of the occurrence of any Termination Event. For the avoidance of doubt, any cure period set forth in Section 8.01(a) of the Second Lien Credit Agreement shall not apply with respect to the Required Interest Payment and such amount (less the Partial Interest Amount) shall be due and payable in full by no later than the Extended Cure Date.

(d) “Interim Financials” means preliminary financial statements (by segment) for the month ended and quarter ended March 2014 with comparisons against the budget and the corresponding periods for the previous year.

(e) “January/February Report” means internal financial statements by segment for January 2014 and February 2014 with comparisons versus budget and corresponding periods of the previous year.

(f) “Partial Interest Amount” means, an aggregate amount of \$350,000.00, payable pursuant to Section 3(d) of this Agreement on the Agreement Effective Date. For the avoidance of doubt the Partial Interest Amount shall be applied to reduce the outstanding amount of the Required Interest Payment.

(g) “Projections” means preliminary financial forecast for fiscal year ended March 31, 2015 (prepared on a quarterly basis), March 31, 2016 and March 31, 2017 detailed by business segment and which would include all major assumptions in connection with formulating such Projections and detail on revenue and cost initiatives and to include projected professional fees and expenses

(h) “Report” has the meaning assigned in Section 3(a) hereof.

(i) “Transaction Agreement” means the transaction agreement to be negotiated and settled by and among Borrower, Holdings, the other Loan Parties, the Administrative Agent, and the Lenders.

(j) “Termination Event” means the occurrence of any of the following: (i) any representation or warranty made or deemed made by Borrower, Holdings or any other Loan Party in this Agreement shall be false, misleading or erroneous in any material respect when made or deemed to have been made, (ii) Borrower shall fail to perform, observe or comply timely with any covenant, agreement or term contained in this Agreement, including Section 3 hereof, (iii) any Default or Event of Default, other than the Potential Event of Default until the Extended Cure Date, shall occur under the Second Lien Credit Agreement or any of the other Loan Documents, (iv) any event or condition occurring after March 31, 2014 which shall constitute a Material Adverse Effect, (v) an Event of Default under the First Lien Credit Agreement and (vi) failure to make any payment required to be made under this Agreement, including under Section 5 hereof.

2. Extension.

(a) Effective on (and subject to the occurrence of) the Agreement Effective Date and notwithstanding any provision of the Second Lien Credit Agreement to the contrary, in accordance with the terms and subject to the conditions of this Agreement, the Administrative Agent and the Lenders party hereto, for themselves and on behalf of their permitted successors and assigns, hereby agree to the Extension of the Cure Period for the Required Interest Payment, and for no other purpose, to the Extended Cure Date.

(b) On and after 5:00 p.m. (New York City time) on the Extended Cure Date, unless the Required Interest Payment (less the Partial Interest Amount that has been paid on the Agreement Effective Date) has been received by such time and date, then, the Administrative Agent and the Lenders’ agreement hereunder shall terminate automatically without further act or action by the Administrative Agent or the Lenders. Borrower, Holdings and the other Loan Parties expressly acknowledge and agree that the effect of such termination will be to permit the Administrative Agent and the other Secured Parties to exercise any and all rights and remedies available to them under the Loan Documents and this Agreement, at law, in equity, or otherwise without any further lapse of time, expiration of applicable grace periods, or requirements of notice.

3. Covenants.

(a) Holdings and Borrower shall deliver to the Administrative Agent the following information, documents and materials (each, a “Report”) not later than the date specified therefor:

- (i) Not later than April 10, 2014, the January/February Report.
- (ii) Not later than April 17, 2014, the Cash Forecast.
- (iii) Not later than April 18, 2014, the Interim Financials.
- (iv) Not later than April 17, 2014, the Projections.

Each of the Reports shall be prepared by the Borrower in reasonable detail and shall fairly present the contents intended to be included therein; *provided* that if the Administrative Agent notifies the Borrower that a Report is not reasonably satisfactory to the Administrative Agent (and provides a reasonable basis therefor), senior management of the Borrower shall in good faith make themselves available to discuss with the Administrative Agent (or its representatives) such concerns in accordance with clause (d) below within three (3) Business Days of delivery of such notice by the Administrative Agent.

(b) The form of the Transaction Agreement shall have been delivered by each of the parties thereto not later than April 30, 2014.

(c) The Lenders and the Administrative Agent agree that each of the dates for delivery of any Report set forth in clause (a) above, may be extended by the Administrative Agent in its sole discretion.

(d) Senior management of Borrower and Holdings shall be available, including by teleconference, at reasonable times and upon reasonable notice to discuss matters relating to Borrower’s business, including the documents and materials delivered under clause (a) above.

4. Effectiveness. This Agreement shall become effective as of April 9, 2014 (the “Agreement Effective Date”), so long as all of the following conditions have been satisfied:

(a) The Administrative Agent shall have received this Agreement duly executed and delivered (or counterparts hereof) by the Administrative Agent, the Lenders party hereto and Borrower and each of the other Loan Parties, in each case, (whether the same or different counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to Paul Hastings LLP, 75 East 55th Street, New York, NY 10022, Attention: Sanjay Thapar (sanjaythapar@paulhastings.com; facsimile number 212-230-7701), U.S. counsel to the Administrative Agent.

(b) The representations and warranties of or on behalf of the Loan Parties in this Agreement shall be true and correct on and as of the Agreement Effective Date.

(c) The Administrative Agent shall have received the Partial Interest Amount on or before the Agreement Effective Date.

(d) The Administrative Agent shall have received from Borrower a certificate

executed by a Responsible Officer of Borrower, certifying compliance with the requirements of preceding clause (b) and clause (e) below.

(e) On the Agreement Effective Date and after giving effect to this Agreement, no Default or Event of Default shall have occurred and be continuing.

5. Expenses. On or before 5:00 p.m. (New York City time) on April 11, 2014, the Borrower shall (i) pay to the Administrative Agent all of its costs, fees and expenses in connection with this Agreement (including, without limitation, reasonable legal fees and expenses of Shearman & Sterling LLP, previous U.S. counsel for the Administrative Agent, Paul Hastings LLP, U.S. counsel for the Administrative Agent, Thornton Grout Finnigan LLP, Canadian counsel for the Administrative Agent, and CDG Group, financial advisor to the Administrative Agent and its counsel) and (ii) execute a revised engagement letter between Paul Hastings LLP and CDG Group to reflect the Administrative Agent's change in counsel.

6. Representations and Warranties. To induce the Administrative Agent and Lenders to enter into this Agreement, Borrower, Holdings and other Loan Parties hereby, jointly and severally, represent and warrant that:

(a) The execution, delivery and performance of this Agreement by each Loan Party: (i) are within such Loan Party's organizational power; (ii) have been duly authorized by all necessary or proper organizational action; (iii) do not contravene any provision of any Loan Party's charter or bylaws or other constituent documents; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, (A) any material indenture, mortgage, deed of trust or lease to which such Person is a party or by which such Person or any of its property is bound, or (B) any agreement or other instrument to which such Person is a party or by which such person or any of its property is bound; (vi) do not result in the creation or imposition of any Lien upon any of the property of any Loan Party; and (vii) do not require the consent or approval of any Governmental Authority or any other Person;

(b) This Agreement has been duly executed and delivered by or on behalf of each Loan Party;

(c) Each of this Agreement and the Second Lien Credit Agreement constitutes a legal, valid and binding obligation of each Loan Party enforceable against each Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(d) After giving effect to this Agreement, no Default or Event of Default has occurred and is continuing on the Agreement Effective Date; and

(e) No action, claim or proceeding is now pending or, to the knowledge of any Loan Party, threatened against any Loan Party, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, which challenges any Loan Party's right, power, or competence to enter into this Agreement, or to perform any of its obligations under this Agreement, the Second Lien Credit Agreement or any other Loan

Documents, or the validity or enforceability of this Agreement, the Second Lien Credit Agreement or any other Loan Documents or any action taken under this Agreement, the Second Lien Credit Agreement or any other Loan Document. To the knowledge of any Loan Party, there does not exist a state of facts which is reasonably likely to give rise to such proceedings.

7. Reference to and Effect on the Second Lien Credit Agreement and the Loan Documents.

(a) Except as expressly provided herein (i) the Second Lien Credit Agreement and the other Loan Documents shall be unmodified and shall continue to be in full force and effect in accordance with their terms and are hereby in all respects ratified and confirmed, (ii) the consents and agreements of the Administrative Agent and Lenders set forth herein shall be limited strictly as written and shall not constitute a consent or agreement to any transaction not specifically described in connection with any such consent and/or agreement, and (iii) this Agreement shall not be deemed an amendment or waiver of any term or condition of any Loan Document and shall not be deemed to prejudice any right or rights which the Administrative Agent or any Secured Party may now have or may have in the future under or in connection with any Loan Document or any of the instruments or agreements referred to therein, as the same may be amended from time to time.

(b) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as an amendment or waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or amendment of any provision of any of the Loan Documents.

(c) This Agreement shall constitute a Loan Document.

8. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

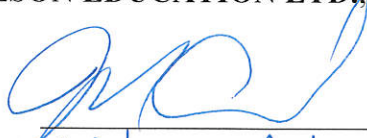
9. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with Borrower and the Administrative Agent. Delivery by facsimile or electronic transmission (including .PDF) of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement.

[SIGNATURE PAGES FOLLOW]

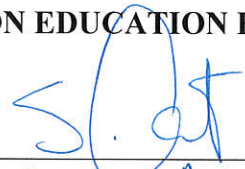
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

[Signature Pages Follow]

NELSON EDUCATION LTD., as Borrower

By: 
Name: Michael Andrew
Title: SVP Finance & CFO

NELSON EDUCATION HOLDINGS LTD.

By: 
Name: Stephen Asbet
Title: VP Finance and Controller

ROYAL BANK OF CANADA, as Administrative
Agent and Collateral Agent:

By: 
Name: _____
Title: Ann Hurley
Manager, Agency

TAB C

Schedule “C”

(see attached)

SECOND GRACE PERIOD EXTENSION AGREEMENT

SECOND GRACE PERIOD EXTENSION AGREEMENT, dated as of April 30, 2014 (this "Agreement"), in respect of the Second Lien Credit Agreement referred to below, by and among Nelson Education Ltd., a corporation incorporated under the laws of Canada ("Borrower"), Nelson Education Holdings Ltd., a corporation incorporated under the laws of Canada ("Holdings"), the other Loan Parties party hereto, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the Lenders party hereto. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement (as hereinafter defined).

RECITALS:

Reference is made to the following agreements, facts and circumstances:

A. Borrower, Holdings, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the lenders from time to time party thereto (collectively, the "Lenders") are party to that certain Second Lien Credit Agreement, dated as of July 5, 2007 (as amended, supplemented or otherwise modified from time to time, the "Second Lien Credit Agreement").

B. Borrower and Holdings acknowledge and have informed the Administrative Agent that Borrower has failed to make the interest payment in the amount of \$2,392,740.83 which was due and owing and required to be made under Section 2.09 of the Second Lien Credit Agreement on March 31, 2014 (the "Required Interest Payment").

C. Borrower and Holdings acknowledge and have informed the Administrative Agent that in the event that the Required Interest Payment is not paid within the seven (7) Business Day cure period (the "Cure Period") set out in Section 8.01(a)(ii) of the Second Lien Credit Agreement, an Event of Default will arise under the terms of the Second Lien Credit Agreement (the foregoing, the "Potential Event of Default").

D. The Cure Period was extended, on certain terms and conditions, through May 9, 2014 pursuant to the Grace Period Extension Agreement, dated as of April 9, 2014, by and among Borrower, Holdings, the other Loan Parties party thereto, Royal Bank of Canada, as Administrative Agent and Collateral Agent and the Lenders party thereto (the "First Extension Agreement").

E. Borrower has requested that the Administrative Agent and the Lenders party hereto extend further the Cure Period for the Required Interest Payment, on a one-time basis, to the Second Extended Cure Date (as defined below) (the "Second Extension").

F. The Administrative Agent and the Lenders party hereto are prepared to consent to the Second Extension subject to Borrower's full and timely compliance with the limitations, terms, conditions and covenants contained in this Agreement, the Second Lien Credit Agreement and the other Loan Documents.

ACKNOWLEDGMENTS:

(a) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees to the accuracy of all Recitals included in this Agreement.

(b) To the extent that there is a conflict between the terms of this Agreement and the terms of the Second Lien Credit Agreement or the other Loan Documents as it relates to the Required Interest Payment only, the terms of this Agreement shall govern.

(c) Each of Borrower, Holdings and each other Loan Party hereby acknowledges and agrees that as of April 30, 2014:

(i) the outstanding principal amount of Loans (exclusive of interest, costs, fees and other expenses payable by Borrower and the other Loan Parties to the Administrative Agent and the other Secured Parties under the Second Lien Credit Agreement and the other Loan Documents) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Principal Amount of Loans:	\$153,218,764.07
----------------------------	------------------

(ii) the accrued but unpaid interest at the non-default rate in respect of the Loans (referred to above as the Required Interest Payment) are as set forth below and such amounts are not subject to any offset, counterclaim or defense by any of the Loan Parties:

Accrued Interest (at non-default rate) - Loans:	\$2,838,661.23
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AGREEMENTS:

NOW THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to the above Recitals and Acknowledgments, and further agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Second Lien Credit Agreement. In addition, the following terms, for the purposes of this Agreement, shall have the following meanings:

(a) "Agreement Effective Date" has the meaning assigned in Section 4 hereof.

(b) "Partial Interest Amount" means an aggregate amount of \$350,000, paid pursuant to Section 4(c) of the First Extension Agreement on April 9, 2014, which Partial Interest Amount was applied to reduce the outstanding amount of the Required Interest Payment.

(c) "Projections" means preliminary financial forecast for fiscal year ended March 31, 2015 (prepared on a quarterly basis), March 31, 2016 and March 31, 2017 detailed by business segment and which would include all major assumptions in connection with formulating such Projections and detail on revenue and cost initiatives and to include projected professional fees and expenses.

(d) "Second Extended Cure Date" means 5:00 p.m. (New York City time) on the earlier to occur of (i) May 30, 2014, and (ii) the date of the occurrence of any Termination Event. For the avoidance of doubt, any cure period set forth in Section 8.01(a) of the Second Lien Credit Agreement shall not apply with respect to the Required Interest Payment and such amount (less the Partial Interest Amount) shall be due and payable in full by no later than the Second Extended Cure Date.

(e) “Transaction Agreement” means the transaction agreement to be negotiated and settled by and among Borrower, Holdings, the other Loan Parties, the Administrative Agent, and the Lenders.

(f) “Termination Event” means the occurrence of any of the following: (i) any representation or warranty made or deemed made by Borrower, Holdings or any other Loan Party in this Agreement shall be false, misleading or erroneous in any material respect when made or deemed to have been made, (ii) Borrower shall fail to perform, observe or comply timely with any covenant, agreement or term contained in this Agreement, including Section 3 hereof, (iii) any Default or Event of Default, other than the Potential Event of Default until the Second Extended Cure Date, shall occur under the Second Lien Credit Agreement or any of the other Loan Documents, (iv) any event or condition occurring after March 31, 2014 which shall constitute a Material Adverse Effect, (v) an Event of Default under the First Lien Credit Agreement and (vi) failure to make any payment required to be made under this Agreement, including under Section 5 hereof.

2. Extension.

(a) Effective on (and subject to the occurrence of) the Agreement Effective Date and notwithstanding any provision of the Second Lien Credit Agreement to the contrary, in accordance with the terms and subject to the conditions of this Agreement, the Administrative Agent and the Lenders party hereto, for themselves and on behalf of their permitted successors and assigns, hereby agree to the Second Extension of the Cure Period for the Required Interest Payment, and for no other purpose, to the Second Extended Cure Date.

(b) On and after 5:00 p.m. (New York City time) on the Second Extended Cure Date, unless the Required Interest Payment (less the Partial Interest Amount that has been paid on April 9, 2014) has been received by such time and date, then, the Administrative Agent and the Lenders’ agreement hereunder shall terminate automatically without further act or action by the Administrative Agent or the Lenders. Borrower, Holdings and the other Loan Parties expressly acknowledge and agree that the effect of such termination will be to permit the Administrative Agent and the other Secured Parties to exercise any and all rights and remedies available to them under the Loan Documents and this Agreement, at law, in equity, or otherwise without any further lapse of time, expiration of applicable grace periods, or requirements of notice.

3. Covenants.

(a) Holdings and Borrower shall deliver to the Administrative Agent the Projections not later than May 10, 2014. The Projections shall be prepared by the Borrower in reasonable detail and shall fairly present the contents intended to be included therein; *provided* that if the Administrative Agent notifies the Borrower that the Projections are not reasonably satisfactory to the Administrative Agent (and provides a reasonable basis therefor), senior management of the Borrower shall in good faith make themselves available to discuss with the Administrative Agent (or its representatives) such concerns in accordance with clause (d) below within three (3) Business Days of delivery of such notice by the Administrative Agent.

(b) The form of the Transaction Agreement shall have been delivered by each of the parties thereto not later than May 12, 2014.

(c) The Lenders and the Administrative Agent agree that the date for delivery of the Projections set forth in clause (a) above, may be extended by the Administrative Agent in its sole discretion.

(d) Senior management of Borrower and Holdings shall be available, including by teleconference, at reasonable times and upon reasonable notice to discuss matters relating to Borrower's business, including the documents and materials delivered under clause (a) above.

4. Effectiveness. This Agreement shall become effective as of April 30, 2014 (the "Agreement Effective Date"), so long as all of the following conditions have been satisfied:

(a) The Administrative Agent shall have received this Agreement duly executed and delivered (or counterparts hereof) by the Administrative Agent, the Lenders party hereto and Borrower and each of the other Loan Parties, in each case, (whether the same or different counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to Paul Hastings LLP, 75 East 55th Street, New York, NY 10022, Attention: Sanjay Thapar (sanjaythapar@paulhastings.com; facsimile number 212-230-7701), U.S. counsel to the Administrative Agent.

(b) The representations and warranties of or on behalf of the Loan Parties in this Agreement shall be true and correct on and as of the Agreement Effective Date.

(c) The Administrative Agent shall have received from Borrower a certificate executed by a Responsible Officer of Borrower, certifying compliance with the requirements of preceding clause (b) and clause (e) below.

(d) On the Agreement Effective Date and after giving effect to this Agreement, no Default or Event of Default shall have occurred and be continuing.

5. Expenses. On or before 5:00 p.m. (New York City time) on May 6, 2014, the Borrower shall pay to the Administrative Agent all of its costs, fees and expenses in connection with this Agreement (including, without limitation, reasonable legal fees and expenses of Shearman & Sterling LLP, previous U.S. counsel for the Administrative Agent, Paul Hastings LLP, U.S. counsel for the Administrative Agent, Thornton Grout Finnigan LLP, Canadian counsel for the Administrative Agent, and CDG Group, financial advisor to the Administrative Agent and its counsel).

6. Representations and Warranties. To induce the Administrative Agent and Lenders to enter into this Agreement, Borrower, Holdings and other Loan Parties hereby, jointly and severally, represent and warrant that:

(a) The execution, delivery and performance of this Agreement by each Loan Party: (i) are within such Loan Party's organizational power; (ii) have been duly authorized by all necessary or proper organizational action; (iii) do not contravene any provision of any Loan Party's charter or bylaws or other constituent documents; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, (A) any material indenture, mortgage, deed of trust or lease to which such Person is a party or by which such Person or any of its property is bound, or (B) any agreement or other instrument to which such Person is a party or by which such person or any of its property is bound; (vi) do not result in the creation or imposition of any Lien upon

any of the property of any Loan Party; and (vii) do not require the consent or approval of any Governmental Authority or any other Person;

(b) This Agreement has been duly executed and delivered by or on behalf of each Loan Party;

(c) Each of this Agreement and the Second Lien Credit Agreement constitutes a legal, valid and binding obligation of each Loan Party enforceable against each Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(d) After giving effect to this Agreement, no Default or Event of Default has occurred and is continuing on the Agreement Effective Date; and

(e) No action, claim or proceeding is now pending or, to the knowledge of any Loan Party, threatened against any Loan Party, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, which challenges any Loan Party's right, power, or competence to enter into this Agreement, or to perform any of its obligations under this Agreement, the Second Lien Credit Agreement or any other Loan Documents, or the validity or enforceability of this Agreement, the Second Lien Credit Agreement or any other Loan Documents or any action taken under this Agreement, the Second Lien Credit Agreement or any other Loan Document. To the knowledge of any Loan Party, there does not exist a state of facts which is reasonably likely to give rise to such proceedings.

7. Reference to and Effect on the Second Lien Credit Agreement and the Loan Documents.

(a) Except as expressly provided herein (i) the Second Lien Credit Agreement and the other Loan Documents shall be unmodified and shall continue to be in full force and effect in accordance with their terms and are hereby in all respects ratified and confirmed, (ii) the consents and agreements of the Administrative Agent and Lenders set forth herein shall be limited strictly as written and shall not constitute a consent or agreement to any transaction not specifically described in connection with any such consent and/or agreement, and (iii) this Agreement shall not be deemed an amendment or waiver of any term or condition of any Loan Document and shall not be deemed to prejudice any right or rights which the Administrative Agent or any Secured Party may now have or may have in the future under or in connection with any Loan Document or any of the instruments or agreements referred to therein, as the same may be amended from time to time.

(b) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as an amendment or waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or amendment of any provision of any of the Loan Documents.

(c) This Agreement shall constitute a Loan Document.

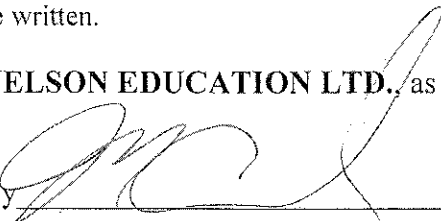
8. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

9. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with Borrower and the Administrative Agent. Delivery by facsimile or electronic transmission (including .PDF) of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

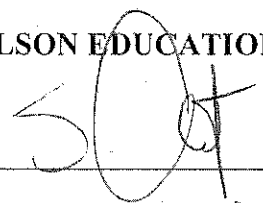
NELSON EDUCATION LTD., as Borrower

By  _____

Name Michael Andrew

Title SVP Finance & CFO

NELSON EDUCATION HOLDINGS LTD.

By  _____

Name Stephen Aubert

Title VP Finance and Controller

6325684

[Signature Page to Second Grace Period Extension Agreement]

**ROYAL BANK OF CANADA, as Administrative Agent
and Collateral Agent**

By *Yvonne*
Name YVONNE ENGLISH
Manager, Agency
Title _____

TAB D

Schedule “D”

(see attached)

CONSENT AND SUPPORT AGREEMENT

This consent and support agreement dated as of July 7, 2014 (this “**Agreement**”) is entered into by and among: (i) NELSON EDUCATION LTD. (the “**Borrower**”), NELSON EDUCATION HOLDINGS LTD. (“**Holdings**”); and OCP TN HOLDINGS LIMITED (“**OCP**”, collectively with the Borrower and Holdings, the “**Companies**”, and referred to collectively as the “**Company**”); and (ii) the undersigned LENDER (the “**Consenting Lender**”, and each of the Companies and the Consenting Lender, a “**Party**”, and collectively, the “**Parties**”).

RECITALS

WHEREAS the Lender extended credit to the Borrower pursuant to that certain First Lien Credit Agreement among the Borrower, Holdings, Royal Bank of Canada, as Administrative Agent, Collateral Agent and Swing Line Lender, as succeeded by Wilmington Trust, National Association as Administrative Agent and Collateral Agent (the “**First Lien Agent**”) and certain other lenders party thereto (the “**Lenders**”) dated as of July 5, 2007 (the “**First Lien Credit Agreement**”); the obligations of the Companies under the First Lien Credit Agreement and the other Loan Documents (as defined in the First Lien Credit Agreement), including all principal, interest, fee and indemnity obligations, are herein referred to as the “**Obligations**”);

WHEREAS the Companies and certain Lenders, including the Consenting Lender, have engaged in negotiations regarding restructuring and refinancing transactions with respect to the capital structure of the Company, including the Companies’ obligations under the First Lien Credit Agreement, and desire to implement the terms and conditions (the “**Transaction Terms**”) set forth in the term sheet attached hereto as Schedule A (the “**Term Sheet**”, and the transactions contemplated thereby, the “**Transactions**”). Capitalized terms used and not otherwise defined herein, including Schedule B hereto, shall have the meanings assigned to such terms in the Term Sheet or, as the case may be, the First Lien Credit Agreement;

WHEREAS the Companies intend to effectuate the Transactions through a solicitation of the Lenders to execute a Consent and Support Agreement in the form hereof (the “**Consent Solicitation**”, with the Lenders executing a Consent and Support Agreement collectively referred to herein as the “**Consenting Lenders**”) and, in the event the Consent Solicitation results in less than unanimous Lender approval, the Companies may effectuate the Transactions through an Alternative Transaction Implementation Method;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

1. Transaction

The Transaction Terms as agreed among the Parties are set forth in the Term Sheet, which is incorporated herein and made a part of this Agreement. In the case of a conflict

between the provisions of this Agreement and the Term Sheet, the provisions of this Agreement shall govern.

2. Representations and Warranties of the Consenting Lender

The Consenting Lender hereby represents and warrants to each of the other Parties (and hereby acknowledges that each of the other Parties is relying upon such representations and warranties) that:

- (a) it (or an affiliate or client for which it has discretionary authority to manage or administer Obligations under the First Lien Credit Agreement) is a legal or beneficial holder of loans under the First Lien Credit Agreement in the principal amount set out below its name on the signature pages hereof (together with the related Obligations, including accrued and unpaid interest and fees under the First Lien Credit Agreement, its **“Debt”**; notwithstanding anything to the contrary herein, for purposes of this Agreement **“Debt”** of the Consenting Lender shall not include Obligations held by the Consenting Lender in its capacity or to the extent of its holdings: (i) as a broker or market maker of Obligations; or (ii) as a fiduciary or other representative capacity (collectively, **“Excluded Obligations”**));
- (b) as of the date hereof, the Debt set out below its name on the signature pages hereof constitutes all of the loans under the First Lien Credit Agreement that are legally or beneficially owned by the Consenting Lender or which the Consenting Lender otherwise has the power to vote or dispose of, other than Excluded Obligations;
- (c) it has the authority to vote or direct the voting of its Debt;
- (d) its Debt is not subject to any liens, encumbrances, obligations or other restrictions that would reasonably be expected to adversely affect the Consenting Lender’s ability to perform its obligations under this Agreement;
- (e) it has reviewed, or has had the opportunity to review, with the assistance of professional and legal advisors of its choosing, sufficient information necessary for the Lender to decide to consent to the Transaction Terms;
- (f) this Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by the other Parties, this Agreement constitutes the legal, valid and binding obligation of the Consenting Lender, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors’ rights generally and general principles of equity;
- (g) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

- (h) the execution, delivery and performance of this Agreement and the consummation of the Transactions does not and shall not, (i) to the best of its knowledge (after due inquiry), violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its subsidiaries or properties or assets, (ii) violate its certificate of incorporation, bylaws or other organizational documents or those of any of its subsidiaries, or (iii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party, to the extent such conflict, breach or default could reasonably be expected to prevent or delay the consummation of the Transactions; and
- (i) there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against it or any of its properties that, individually or in the aggregate, would materially adversely affect its ability to execute and deliver this Agreement and to perform its obligations hereunder.

3. The Companies' Representations and Warranties

Each of the Companies hereby represents and warrants to the Consenting Lender (and each of the Companies hereby acknowledges that the Consenting Lender is relying upon such representations and warranties) that:

- (a) it has reviewed, or has had the opportunity to review, with the assistance of professional and legal advisors of its choosing, sufficient information necessary for such Company to decide to consent to the Transaction Terms;
- (b) this Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by the other Parties, this Agreement constitutes the legal, valid and binding obligation of such Company, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;
- (c) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Agreement and to consummate the Transactions, subject, if the Transactions are pursued by way of a Plan pursuant to Section **Error! Reference source not found.**, to the approval of the Plan by the court having jurisdiction over the Proceedings (the "**Court**");
- (d) the execution, delivery and performance of this Agreement and the consummation of the Transactions does not and shall not, (i) to the best of its knowledge (after due inquiry), violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its subsidiaries or properties or assets, (ii) violate its certificate of incorporation, bylaws or other organizational documents or those of any of its subsidiaries, or (iii) other than as

disclosed to the Consenting Lender or its counsel in a separate written communication prior to the date hereof, conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party, to the extent such conflict, breach or default could reasonably be expected to prevent or delay the consummation of the Transactions;

- (e) there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against it or any of its properties that, individually or in the aggregate, would materially adversely affect its ability to execute and deliver this Agreement and to perform its obligations hereunder; and
- (f) the entry into this Agreement and the Transactions Terms have been approved by its board of directors.

4. Consenting Lender Covenants and Consents

- (a) The Consenting Lender consents and agrees to the terms of, and the transactions contemplated by, this Agreement.
- (b) The Consenting Lender agrees that, during the period commencing with the date of this Agreement and ending on the Expiry Date (as defined below), it shall not, directly or indirectly, sell, use, assign, transfer or otherwise dispose of (“**Transfer**”) its Debt or any voting interest therein, and that any purported Transfer of its Debt or any voting interest therein shall be void and without effect, unless the transferee has executed a Consent and Support Agreement at or before the time of the proposed Transfer. This Agreement shall in no way be construed to preclude the Consenting Lender from acquiring additional Obligations under the First Lien Credit Agreement (“**Additional Debt**”); *provided, however*, that such Additional Debt shall automatically and immediately upon acquisition by the Consenting Lender be deemed to constitute Debt of the Consenting Lender hereunder, subject to all of the terms of this Agreement, whether or not notice of such acquisition is given to the Company or the First Lien Agent.
- (c) The Consenting Lender agrees that, until the Expiry Date, it:
 - (i) irrevocably consents to the Transactions and the Transaction Terms in respect of all its Debt;
 - (ii) shall not support or take any action that is intended or would reasonably be expected to impede, interfere with, delay or postpone the Transactions; and
 - (iii) shall use commercially reasonable efforts to support the First Lien Agent and its advisors in connection with the consummation of the Transactions through an amendment and restatement of the First Lien Credit Agreement, as described in the Term Sheet, and through the negotiation

and implementation of all ancillary documents necessary to consummate the Transactions.

- (d) The Consenting Lender agrees, subject at all times to Section 9:
- (i) to the existence and terms of this Agreement, the Transactions and the Transaction Terms being set out in any public disclosure, including, without limitation, press releases and court materials, produced by the Companies at the discretion of the Companies in furtherance of the Transactions; provided, the Companies shall use commercially reasonable efforts to provide advance copies of any such disclosures to the First Lien Agent and, in any event, acknowledge that the initial press release or public disclosure regarding the Transactions shall be subject to Section 5(a) below; and
 - (ii) to this Agreement being filed and/or available for inspection by the public to the extent required by law.
- (e) The Consenting Lender agrees that at the Effective Time and provided that the releases described in Section 5(b) simultaneously become fully effective and enforceable, the Companies and their respective subsidiaries and affiliates and their respective present and former shareholders, officers, directors, employees, advisors (including, without limitation, financial advisors), legal counsel and agents (collectively, the “**Company Released Parties**”) will be released and discharged (by way of a separate release to be executed by the Consenting Lender, a Court order, a combination of the foregoing or otherwise) from all present and future actions, causes of action, damages, judgments, executions, and claims including, without limitation, in connection with all matters related to the First Lien Credit Agreement, the other Loan Documents and the transactions contemplated herein; provided that nothing in this paragraph will release or discharge any of the Company Released Parties from or in respect of (i) their obligations to the Consenting Lender under the agreements executed to implement the Transaction Terms (including without limitation the New First Lien Credit Agreement) or (ii) claims in respect of such Company Released Party’s own fraud if the Company Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits by a court of competent jurisdiction to have committed fraud.

5. Companies’ Covenants

- (a) The Companies agree that, once this Agreement has become effective and binding on the parties hereto, the Companies will, in a timely manner, cause to be issued a press release or other public disclosure that discloses the material provisions of the Transaction Terms (subject to Section 9) in a form reasonably satisfactory to the First Lien Agent, it being understood that nothing contained in this Agreement is intended to, or shall, restrict the Companies from making any disclosures to the extent required by law.

- (b) The Companies agree that at the Effective Time and provided that the releases described in Section 4(e) simultaneously become fully effective and enforceable, the Consenting Lender and the First Lien Agent, together with their respective subsidiaries and affiliates and their respective present and former shareholders, officers, directors, employees, advisors (including, without limitation, financial advisors), legal counsel and agents (collectively, the “**Lender Released Parties**”) will be released and discharged (by way of a separate release to be executed by the Companies, a Court order, a combination of the foregoing or otherwise) from all present and future actions, causes of action, damages, judgments, executions, and claims including, without limitation, in connection with all matters related to the First Lien Credit Agreement, the other Loan Documents and the transactions contemplated herein; provided that nothing in this paragraph will release or discharge any of the Lender Released Parties from or in respect of their obligations under the agreements executed to implement the Transaction Terms or from any claims in respect of such Lender Released Parties’ own fraud if the Lender Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits by a court of competent jurisdiction to have committed fraud.
- (c) The Companies agree to use their commercially reasonable efforts to, as promptly as practicable following the effective date of this Agreement, solicit the requisite approvals for and consummate the Transactions, including through the Consent Solicitation and the solicitation of the Second Lien Lenders, and through the negotiation and implementation of an amended and restated First Lien Credit Agreement and all ancillary documents necessary to consummate the Transactions.
- (d) Except as otherwise expressly provided in this Agreement, each of the Companies agrees that, from the date of this Agreement until the Expiry Date, it shall use its commercially reasonable efforts to operate its businesses and maintain its assets, preserve its business and goodwill, maintain and renew its permits and licenses, keep available the service of its officers and employees, preserve its relationships with suppliers and other constituencies, maintain its books and records and pay its obligations as they come due, in each case in the ordinary course of business, consistent with past practice; and
- (e) Each of the Companies further agrees that it shall not support any action that is intended or would reasonably be expected to impede, interfere with, delay or postpone the Transactions.

6. Good Faith Negotiation of Documents

- (a) The Parties shall cooperate with each other in good faith in respect of (i) the timely satisfaction of conditions with respect to the effectiveness of the Transactions; (ii) all matters concerning the implementation of the Transactions; and (iii) the pursuit and support of the Transactions. Furthermore, subject to the terms hereof, each of the Parties shall take such action as may be reasonably

necessary to carry out the purposes and intent of this Agreement, including making and filing any required regulatory filings (subject to Section 10(g)).

- (b) Each Party covenants and agrees to negotiate (or in the case of the Consenting Lender, to support the First Lien Agent in negotiating on the Consenting Lender's behalf) the definitive documents relating to the Transactions in good faith and consistent with the Term Sheet, and to promptly advise the other Parties of any breach of any representation or warranty or the occurrence of any termination event set out in Section 8 hereof of which it becomes aware.

7. Alternative Transaction Implementation Method

- (a) In the event that Lenders holding less than 100% of the Debt become party to a Consent and Support Agreement on or prior to July 17, 2014, or such other date as communicated by the Companies, the Companies may, at the discretion of the Companies, proceed with the Transactions by way of:

- (i) a forbearance agreement on terms acceptable to the Companies and the First Lien Agent (the "**Forbearance**"); or
- (ii) if the Companies receive the separate consent of the Majority Consenting Lenders to commence a proceeding under the *Canada Business Corporations Act* (the "**CBCA**") to implement the Transactions, a plan of arrangement under the CBCA incorporating the Transaction Terms and such other terms as may be acceptable to the Majority Consenting Lenders and the Companies (the "**Plan**"),

(either (i) or (ii) above being an "**Alternative Transaction Implementation Method**").

- (b) If the Companies pursue the completion of the Transactions by way of a Forbearance pursuant to this Section 7:

- (i) the Consenting Lender hereby irrevocably consents to the implementation of the Forbearance in respect of all its Debt; and
- (ii) the Forbearance shall be binding on all Lenders upon obtaining the requisite lender approval required under the First Lien Credit Agreement.

- (c) If the Companies pursue the completion of the Transactions by way of a Plan pursuant to this Section 7:

- (i) the Plan shall bind all Lenders to the Transaction Terms pursuant to the CBCA;
- (ii) the Companies shall provide draft copies of all motions, applications, documents and pleadings the Companies intend to file with the Court to counsel for the First Lien Agent at least three days prior to the date when the Companies intend to file such document (or, where circumstances

make it impracticable to allow for three days' review, with as much opportunity for review as is practically possible in the circumstances) and shall consult in good faith with such counsel regarding the form and substance of any such proposed filing;

- (iii) the Consenting Lender hereby agrees that it:
- (A) shall vote (or cause to be voted) all of its Debt in favour of the approval, consent, ratification and adoption of the Plan, not change or withdraw such vote, and not object, delay, impede or take any other action to interfere with the approval, consent, ratification and adoption of the Plan;
 - (B) shall, to the extent it effects a transfer or assignment of any of its Debt in accordance with Section 4(b) hereof after 5:00 p.m. (Toronto time) on the record date for the meeting of Lenders to be held to consider the Plan and is entitled to vote on the adoption and approval of the Plan, vote all of its Debt that is the subject of the transfer on behalf of the transferee in favour of the approval, consent, ratification and adoption of the Plan; and
 - (C) prospectively waives any Event of Default that may be deemed to have occurred pursuant to Section 8.01 of the First Lien Credit Agreement to the extent arising from the commencement and continuation of the Proceedings in conformity with this Agreement and in furtherance of the Transactions (but not, for the avoidance of doubt, to the commencement or continuation of any other proceeding under the CBCA or otherwise),

provided, however, that nothing contained herein shall limit the ability of the Consenting Lender (or any representative thereof) to appear and be heard concerning any matter arising in the Proceedings so long as such appearance is not inconsistent with the Consenting Lender's obligations under this Agreement, the terms of the Plan or the Transaction Terms.

8. Termination

- (a) This Agreement and the obligations of the Companies and the Consenting Lender set out in this Agreement may (or in the case of subsection (v), shall automatically) be terminated in the following manner and upon the earliest to occur of the following events (such earliest date being the "**Expiry Date**"):
- (i) by the Companies on two days' written notice to the Majority Consenting Lenders;
 - (ii) by the Majority Consenting Lenders by written notice to the Companies;

- (A) in the event the Companies pursue the completion of the Transactions by way of an Alternative Transaction Implementation Method pursuant to Section 7, the Effective Time shall not have occurred by October 31, 2014, or such other date as the Companies and the Majority Consenting Lenders may agree in writing, acting reasonably; or
 - (B) upon a material breach of any representation, warranty, covenant or other agreement of any Company set forth in this Agreement which is incapable of being cured or, if capable of cure, is not cured within 10 days thereof, or such other date as the Companies and the Majority Consenting Lenders may agree in writing, acting reasonably;
- (iii) by the Consenting Lender as to itself by written notice to the Companies and the First Lien Agent, if the Effective Time shall not have occurred by October 31, 2014, or such other date as the Companies and the Majority Consenting Lenders may agree in writing, acting reasonably;
 - (iv) by the Companies or the Majority Consenting Lenders by written notice to, respectively, the First Lien Agent and the Companies, if an injunction, judgment, order, decree, ruling or charge shall have been entered that prevents the consummation of the Transactions in accordance with the Term Sheet; and
 - (v) automatically upon the Effective Time.
- (b) Each Party shall be responsible and shall remain liable for any breach of this Agreement by such Party occurring prior to the Expiry Date. No termination fee is payable under this Agreement.

9. Confidentiality

The Companies agree, on their own behalf and on behalf of their Representatives (defined below), to maintain the confidentiality of the identity and holdings of the Consenting Lender; *provided*, however, that such information may be disclosed: (i) to the Companies' respective directors, executives, officers, auditors, and employees and financial and legal advisors or other agents (collectively, referred to herein as the "**Representatives**"; and individually, as a "**Representative**") who have a need to know such information in connection with the Transactions, provided that each such Representative is informed of this confidentiality provision; and (ii) to the extent required by, (x) any subpoena, or other legal process, including, without limitation, by the Court or applicable rules, regulations or procedures of the Court, or (y) any regulatory agency or authority. If the Companies or their Representatives receive a subpoena or other legal process as referred to in clause (ii)(x) above in connection with this Agreement, the Companies shall provide the Consenting Lender with prompt written notice of any such request or requirement, to the extent permissible and practicable under the circumstances, so that the Consenting Lender may seek a protective order or other appropriate

remedy or waiver of compliance with the provisions of this Agreement. Notwithstanding the provisions in this Section 9: (a) the Companies may disclose the existence of and nature of support evidenced by the Consent and Support Agreements in any public disclosure (including, without limitation, press releases and Court materials) produced by the Companies at the discretion of the Companies; *provided* (1) that in the context of any such public disclosure, only the aggregate holdings of the Consenting Lenders may be disclosed (but not their individual holdings), (2) the Companies shall use commercially reasonable efforts to consult with the First Lien Agent as to the form and content of any proposed public disclosure addressing the Consent and Support Agreements; (b) the Companies may disclose the holdings of the Consenting Lender in any action to enforce this Agreement or in an action for damages as a result of any breach hereof; and (c) the Companies may disclose, to the extent consented to in writing by the Consenting Lender, such Consenting Lender's holdings.

10. Miscellaneous

- (a) The headings in this Agreement are for convenience of reference and are not part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.
- (b) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.
- (c) This Agreement (including the Term Sheet and the other schedules attached to this Agreement) constitutes the entire agreement among the Parties and supersedes all prior agreements and understandings, both oral and written, among the Parties with respect to the subject matter hereof.
- (d) Except as otherwise expressly provided herein, for the purposes of this Agreement, any matter requiring the agreement, waiver, consent or approval of the Consenting Lenders shall require the agreement, waiver, consent or approval of the Majority Consenting Lenders. The Companies shall be entitled to rely on written confirmation from Willkie Farr & Gallagher LLP and/or Bennett Jones LLP, counsel to the First Lien Agent, that the Majority Consenting Lenders have, or any Consenting Lender has, agreed, waived, consented to or approved a particular matter.
- (e) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise.
- (f) Any date, time or period referred to in this Agreement shall be of the essence except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.
- (g) The Companies acknowledge and agree that Sections 10.04 and 10.05 of the First Lien Credit Agreement is applicable to the fees and expenses of the First Lien

Agent in connection with the negotiation of this Agreement and to any claims for indemnity by the Consenting Lender in respect of this Agreement.

- (h) All notices and other communications which may be or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by facsimile transmission, in each case addressed to the particular Party:

- (i) If to the Companies, at:

c/o Nelson Education Ltd.
1120 Birchmount Road
Scarborough, Ontario M1K 5G4
Canada

Attention: Greg Nordal
Facsimile No.: 416.752.8101
E-mail: greg.nordal@nelson.com

With a required copy (which shall not be deemed notice) to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7
Canada

Attention: Robert J. Chadwick
Facsimile No.: 416.979.1234
E-mail: rchadwick@goodmans.ca

- (ii) If to the First Lien Agent:

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402

Attention: Jeffery Rose
Facsimile No.: 612.217.5651
E-mail: jrose@wilmingtontrust.com

With required copies (which shall not be deemed notice) to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, N.Y. 10019-6009

Attention: Paul Shaloub
Facsimile No.: 212.728.8111
E-mail: pshalhoub@willkie.com

Bennett Jones LLP
Suite 3400, One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Attention: Kevin J. Zych
Facsimile No.: 416.863.1716
E-mail: zychk@bennettjones.com

(iii) If to the Consenting Lender at:

The address set forth for the Consenting Lender beside its signature.

With required copies (which shall not be deemed notice) to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, N.Y. 10019-6009

Attention: Paul Shaloub
Facsimile No.: 212.728.8111
E-mail: pshalhoub@willkie.com

Bennett Jones LLP
Suite 3400, One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Attention: Kevin J. Zych
Facsimile No.: 416.863.1716
E-mail: zychk@bennettjones.com

or at such other address of which any Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery thereof.

(i) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and

provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

- (j) The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Parties hereto.
- (k) All representations, warranties and covenants contained in this Agreement on the part of each of the Parties shall survive until the Expiry Date, save and except for the obligations of the Companies under Section 9 and the following Sections 10(l) and 10(m), which shall survive after the Expiry Date.
- (l) This Agreement is governed by the laws of the State of New York and the federal laws applicable therein. Each Party submits to the jurisdiction of the courts of competent jurisdiction in the State of New York in respect of any action or proceeding relating to this Agreement. The Parties shall not raise any objection to the venue of any proceedings in any such court, including the objection that the proceedings have been brought in an inconvenient forum.
- (m) The Parties waive any right to trial by jury in any proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, present or future, and whether sounding in contract, tort or otherwise. Any Party may file a copy of this provision with any court as written evidence of the knowing, voluntary and bargained for agreement between the Parties irrevocably to waive trial by jury, and that any proceeding whatsoever between them relating to this Agreement or any of the transactions contemplated by this Agreement shall instead be tried by a judge or judges sitting without a jury.
- (n) The Consenting Lender agrees that it shall not make any public announcement or statement with respect to this Agreement, the Term Sheet or the Transactions without the prior written approval of the Companies. The Consenting Lender acknowledges and agrees that this Agreement and all communications and statements with respect to the transactions contemplated by the Transactions or any negotiations, terms of other facts with respect thereto are subject to the confidentiality obligations contained in Section 10.08 of the First Lien Credit Agreement and constitute "Information" thereunder.
- (o) Except as otherwise expressly provided in this Agreement, all representations, warranties, obligations, liabilities and indemnities of each Company shall be joint and several.

- (p) The Consenting Lender recognizes and acknowledges that this Agreement is an integral part of the Transactions, and accordingly acknowledges and agrees that a breach by the Consenting Lender of any covenants or other commitments contained in this Agreement will cause the Companies to sustain injury for which they would not have an adequate remedy at law for monetary damages. Therefore, the Parties agree that in the event of any such breach, the Companies shall be entitled to the remedy of specific performance of such covenants or commitments and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.
- (q) This Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same agreement.
- (r) This Agreement is only for the benefit of the Parties hereto and nothing in this Agreement, express or implied, is intended or shall be construed to confer upon any person or entity other than the Parties any rights or remedies, and no person or entity other than the Parties shall be entitled to rely in any way upon this Agreement.
- (s) Except as expressly provided in this Agreement, nothing herein is intended to, or does, or shall be deemed in any manner to waive, limit, impair or restrict any right of the First Lien Agent or the Consenting Lender under the First Lien Credit Agreement and the Loan Documents, nor to amend or waive any provision of the First Lien Credit Agreement in any manner. Without limitation of the foregoing, if the Transactions are not consummated, or if this Agreement is terminated for any reason, the Parties each fully reserve any and all of their rights and remedies in respect of the First Lien Credit Agreement.

[Remainder of this page intentionally left blank; next page is signature page]

SCHEDULE A
TERM SHEET

(see attached)

NELSON EDUCATION LTD.

FIRST LIEN CREDIT FACILITIES

OUTLINE OF CERTAIN KEY TERMS AND CONDITIONS

*This summary of terms and conditions (the “**First Lien Term Sheet**”) is non-binding and is intended for discussion purposes only and does not constitute an offer, agreement or commitment to extend credit or provide any financing, nor any agreement to modify, amend, waive or forbear in respect of any of the terms of the Existing First Lien Credit Agreement (as defined below) or any related credit or security document. This First Lien Term Sheet is not exhaustive or definitive as to the terms and conditions which would govern any transactions referred to herein. No term provided herein shall be effective unless and until definitive agreements are entered into by the applicable parties and such definitive agreements become effective in accordance with their terms.*

*Capitalized terms used herein but not otherwise defined herein have the meaning ascribed to them in the First Lien Credit Agreement dated as of July 5, 2007 among Nelson Education Ltd., Nelson Education Holdings Ltd., Royal Bank of Canada as administrative agent, collateral agent and swing line lender, and the other lenders party thereto (as such agreement has been and may be amended from time to time, the “**Existing First Lien Credit Agreement**”).*

This First Lien Term Sheet is proffered in furtherance of settlement discussions, and is entitled to the protections of Federal Rule of Evidence 408 and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.

I. PARTIES

BORROWER:	Nelson Education Ltd. (the “ Borrower ”)
HOLDINGS:	Nelson Education Holdings Ltd. (“ Holdings ”)
ADMINISTRATIVE AGENT AND COLLATERAL AGENT:	Wilmington Trust, National Association (the “ Agent ”)
LENDERS:	Lenders under the Existing First Lien Credit Agreement (the “ First Lien Lenders ”)
FIRST LIEN STEERING COMMITTEE:	The ad hoc committee of First Lien Lenders represented by Willkie Farr & Gallagher LLP and Bennett Jones LLP (the “ First Lien Steering Committee ”)

II. TERMS

PRINCIPAL OUTSTANDING:	Obligations under the Existing First Lien Credit Agreement to be fully restated and unaffected.
MATURITY:	December 31, 2017, subject to early termination provisions.

- INTEREST RATE:** 7% per annum cash interest to be paid monthly in arrears.
- EFFECTIVE DATE:** The transactions contemplated by this First Lien Term Sheet (the “**Transaction**”) shall become effective on (i) the date of implementation of the Transaction with the consent of 100% of the First Lien Lenders, or (ii) if the Transaction is implemented pursuant to an Alternative Transaction Implementation Method, the date such method effectuates the Transaction (“**Effective Date**”).
- CONDITIONS PRECEDENT** Usual and customary closing conditions for transactions of this type, including but not limited to:
- Receipt by the Agent of definitive legal documentation (the “**Definitive Documents**”) implementing the Transaction, which Definitive Documents shall be in form and substance acceptable to the Borrower and the Agent¹.
 - Receipt by the Agent of an agreement containing terms and conditions relating to the resolution of the indebtedness outstanding under the existing Second Lien Credit Agreement in form and substance acceptable to the Borrower and the Agent (including no cash payment of interest to lenders under the Second Lien Credit Agreement).
 - Payment on the Effective Date of the First Lien Early Consent Consideration.
 - Payment on the Effective Date of the Implementation Paydown.
 - On the Effective Date, or such later date as agreed to by the Agent and the Borrower, a person acceptable to the Agent shall be appointed to serve as an observer to the Borrower’s board of directors and any and all board committees (the “**Observer**”), subject to customary confidentiality provisions.
 - Customary regulatory approvals.
 - Receipt by the Agent of all accrued and unpaid interest and any other fees owing to the First Lien Lenders and the Agent under the Existing First Lien Credit Agreement, to be paid in full in cash.
 - Payment by the Borrower of all accrued and unpaid expenses of the Agent and the First Lien Lenders, including the

¹ When in this First Lien Term Sheet a matter requires the acceptance or agreement of the Agent, it shall require the acceptance or agreement of First Lien Lenders holding a majority of the principal amounts outstanding under the Existing First Lien Credit Agreement or under the amended First Lien Credit Agreement, as applicable.

professional fees and expenses of Willkie Farr Gallagher LLP, Bennett Jones LLP and AlixPartners, that have been invoiced prior to the Effective Date.

EARLIER MATURITY DATE:	From and after July 5, 2015 and until September 5, 2015, right of 66 2/3% of the First Lien Lenders to accelerate to an earlier maturity date to December 31, 2015.
GUARANTEES:	Substantially the same as under the Existing First Lien Credit Agreement (other than Groupe Modulo Inc.).
SECURITY:	Substantially the same as under the Existing First Lien Credit Agreement.
MANDATORY PREPAYMENTS:	Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon by the Borrower and the Agent.
VOLUNTARY PREPAYMENTS AND REPURCHASES:	Voluntary prepayments allowed at any time as under the Existing First Lien Credit Agreement.
REPAYMENT:	Repayable at par at any time prior to the Maturity Date.
EXCESS CASH FLOW SWEEP:	Excess cash flow sweep to be agreed upon by the Borrower and the Agent.
REPRESENTATIONS AND WARRANTIES:	Substantially the same as under the Existing First Lien Credit Agreement, subject to amendment for current status.
AFFIRMATIVE COVENANTS:	Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon by the Borrower and the Agent. In addition:

The Operating Agreement between the Borrower and Cengage Learning Inc. (formerly Thomson Learning Inc.) (“**Cengage**”) dated January 1, 2007 and the Master Services Agreement between the Borrower and Cengage dated July 5, 2007, as amended from time to time, (i) shall remain in full force and effect, and (ii) shall not be materially amended, modified or supplemented without the consent of the Agent. If a notice of non-renewal of the Operating Agreement has been received by the Borrower from Cengage, then from and after April 1, 2017, 66 2/3% of the First Lien Lenders shall have the right to accelerate to an earlier maturity date on thirty (30) days’ written notice to the Borrower. If the Operating Agreement is terminated, then 66 2/3% of the First Lien Lenders shall have the right to accelerate to an earlier maturity date on thirty (30) days’ written notice to the Borrower.

An additional independent director, acceptable to the Agent and the Borrower, shall be appointed to the board within

thirty (30) days of the Effective Date, or such later date as agreed to by the Agent and the Borrower.

Borrower shall provide financial statements monthly within fifteen (15) calendar days after the end of each calendar month to the Agent, subject to confidentiality restrictions.

Within fifteen (15) days following the Effective Date, or such later date as agreed to by the Agent and the Borrower, the Borrower shall retain an operational consultant or officer who shall focus on operational and cost efficiencies and business improvement opportunities who shall report to the CEO and the Borrower's board of directors (the "**Operational Third Party**"). The Operational Third Party, and the terms of the Operational Third Party's engagement, shall be acceptable to the Agent and the Borrower. Borrower shall cooperate with the Operational Third Party, and the Agent and the First Lien Lenders shall be provided reasonable access to the Operational Third Party, who shall be available for periodic update calls with the Agent and the First Lien Lenders and provide such information and updates as may be reasonably requested by the Agent or the First Lien Lenders.

Borrower's CEO and CFO shall be available for periodic update calls with the Agent and the First Lien Lenders and provide such information and updates as may be reasonably requested by the Agent and the First Lien Lenders, subject to confidentiality restrictions.

On or before the date that is ninety (90) days from the Effective Date, or such later date as agreed to by the Agent and the Borrower, the Borrower shall deliver to the Agent a copy of an operational plan (the "**Operational Plan**") prepared by the Operational Third Party, and a timeline for implementation of the Operational Plan, subject to confidentiality restrictions.

On or before the date that is thirty (30) days from the Effective Date, or such later date as agreed to by the Agent and the Borrower, the Borrower shall retain an investment bank (the "**IB**"), on terms acceptable to the Agent, to review strategic and refinancing alternatives.

The Operational Third Party shall provide the Agent with monthly updates regarding the Operational Plan, including with respect to savings achieved under the Operational Plan and any potential additional cost saving measures that may be appropriate to implement. The IB shall provide the Agent with monthly updates.

Borrower shall deliver to the Agent a copy of a long-term

business plan for the Borrower on or prior to December 31, 2014, or such later date as agreed to by the Agent and the Borrower, reviewed by the Operational Third Party and approved by the Borrower's board of directors, subject to confidentiality restrictions.²

EXTENSION OF MATURITY DATE:	From and after April 1, 2017, right of 66 2/3% of the First Lien Lenders to extend the maturity date up to a maximum of 1 year on ninety (90) days' written notice to the Borrower.
NEGATIVE COVENANTS:	Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon, including with respect to material transactions.
FINANCIAL COVENANTS:	To be mutually agreed upon by the Borrower and the Agent.
UNRESTRICTED SUBSIDIARIES:	Substantially the same as under the Existing First Lien Credit Agreement.
EVENTS OF DEFAULT:	Substantially the same as under the Existing First Lien Credit Agreement.
DEFAULT RATE:	Any principal or interest payable under or in respect of the Existing First Lien Credit Agreement not paid when due shall, to the extent permitted by law, bear interest at the applicable interest rate plus 2% per annum.
VOTING:	Except as provided herein, substantially the same as under the Existing First Lien Credit Agreement.
COST AND YIELD PROTECTION:	Substantially the same as under the Existing First Lien Credit Agreement, with such changes as shall be agreed upon (including updating for Dodd-Frank and Basel III).
MANAGEMENT INCENTIVE PLAN:	A management incentive plan and key management employment agreements shall be in place on terms acceptable to the Borrower and the Agent within ninety (90) days following the Effective Date, or such later date as agreed to by the Agent and the Borrower.
ASSIGNMENTS AND PARTICIPATIONS:	Substantially the same as under the Existing First Lien Credit Agreement.
EXPENSES AND INDEMNIFICATION:	Substantially the same as under the Existing First Lien Credit Agreement.

² The agent under the Second Lien Credit Agreement shall have the same access to Borrower's CEO and CFO, the Operational Third Party, the IB, the Operational Plan and the business plan as the Agent.

OTHER TERMS: Other terms generally consistent with the Existing First Lien Credit Agreement and as agreed to by the Borrower and the Agent.

RELEASES, ETC. Usual and customary for transactions of this nature, including, but not limited to, that each of the Loan Parties, their respective successors and assigns, shall: (i) release the First Lien Lenders and the Agent from all actions, causes of action, damages, judgments, executions, and claims arising under the Existing First Lien Credit Agreement, the other Loan Documents and the transactions contemplated thereby and hereby on or prior to the Effective Date; (ii) affirm and acknowledge indebtedness owed and ratify and affirm liens and security interests; and (iii) ratification of all liens and guarantees.

GOVERNING LAW AND FORUM: New York.

III. IMPLEMENTATION

DEFINITIVE DOCUMENTS: The Definitive Documents implementing the Transaction shall be in form and substance acceptable to the Agent.

CONSENT SOLICITATION: Seek consent of 100% of the First Lien Lenders.

ALTERNATIVE TRANSACTION IMPLEMENTATION METHOD: In the event the required consents are not obtained, the Borrower may elect to effectuate the Transaction by way of a forbearance agreement on terms acceptable to the Borrower and the Agent (the “**Forbearance**”) or by way of a plan of arrangement (the “**Canadian Plan of Arrangement**”) to be filed under the *Canada Business Corporations Act* (the “**CBCA**”) in each case subject to the terms of the First Lien Lender Consent Agreement executed by the Consenting First Lien Lenders (each an “**Alternative Transaction Implementation Method**”).

CONSENT AGREEMENT AND EARLY CONSENT CONSIDERATION: Consenting First Lien Lenders (“**Consenting First Lien Lenders**”) who sign a consent and support agreement in form reasonably satisfactory to the Borrower (each a “**First Lien Lender Consent Agreement**”) by the Early Consent Date (the “**Early Consenting First Lien Lenders**”) will receive on the Effective Date a consent fee of 5% of the outstanding principal amounts of the first lien term loans owing to the Early Consenting First Lien Lender as of the Early Consent Date (the “**First Lien Early Consent Consideration**”) to be paid in additional first lien term loans on the Effective Date prior to the determination of the Implementation Paydown. Early Consenting First Lien Lenders shall also be entitled to receive their First Lien Early Consent Consideration in the

event the Borrower elects to implement the Transaction pursuant to an Alternative Transaction Implementation Method upon implementation of the Transaction.

In order to be a Consenting First Lien Lender under a First Lien Lender Consent Agreement, such Consenting First Lien Lender will be required to agree to (i) consent to and vote in favour of the Transaction, and (ii) consent to the Forbearance, in respect of any and all of the debt owing to such Consenting First Lien Lender under the Existing First Lien Credit Agreement, all subject to the terms of the First Lien Lender Consent Agreement.

For avoidance of doubt, First Lien Lenders that do not execute a First Lien Lender Consent Agreement prior to or on July 17, 2014 or such other date as communicated by the Borrower (the “**Early Consent Date**”) will not receive the First Lien Early Consent Consideration, but will be bound to the terms of the Transaction through the Alternative Transaction Implementation Method upon requisite consents being received.

IMPLEMENTATION PAYDOWN

On the Effective Date, each First Lien Lender will receive its pro rata share of a cash paydown in the aggregate amount of CDN\$15 million (the “**Implementation Paydown**”) based on the outstanding principal amount of first lien term loans owing to such First Lien Lender in relation to the outstanding aggregate principal amount of first lien term loans owing to all First Lien Lenders as of the Effective Date.

IV. ADDITIONAL CONDITIONS

INTERNAL REORGANIZATION:

Completion of an internal reorganization transaction including: (a) the elimination of the subordinated intercompany debt, including principal and accrued interest, between Nelson Education Ltd. and Nelson Education Holdings Ltd. and a reduction of the interest rate on the subordinated intercompany debt between Nelson Education Holdings Ltd. and TN Holdings, LP; and (b) the contemplated share transfers as approved by the Minister of Canadian Heritage.

DEBT REPAYMENT:

No payments shall be made or permitted on any debt (subordinated or otherwise) owing to shareholders without the consent of the Agent, other than reasonable expense reimbursements in the ordinary course.

OTHER CONDITIONS:

Negotiation, execution and delivery of acceptable documentation, including any amendments to the existing Intercreditor Agreement and/or Collateral Documents.

Other approvals and conditions as are customary for transactions of this nature and as applicable based upon the method of implementation.

SCHEDULE B

DEFINITIONS

“Effective Time” means the time of consummation of the Transactions, whether pursuant to the Consent Solicitation or through an Alternative Transaction Implementation Method.

“Governmental Entity” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, body, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“Majority Consenting Lenders” means Consenting Lenders representing not less than a majority of the aggregate Obligations held by all Consenting Lenders.

“Person” means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a Governmental Entity or any agency, instrumentality or political subdivision of a Governmental Entity, or any other entity or body.

“Second Lien Lenders” means the lenders party to the Second Lien Credit Agreement dated as of July 5, 2007 with the Borrower, Holdings, and Royal Bank of Canada, as Administrative Agent and Collateral Agent.

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

Court File No: CV15-10961-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NELSON EDUCATION LTD. AND NELSON EDUCATION HOLDINGS LTD.**

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE-
COMMERCIAL LIST

Proceeding commenced at Toronto

RESPONSES TO WRITTEN QUESTIONS

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**COMPENDIUM OF THE APPLICANTS
(Comeback Hearing returnable May 29, 2015)**

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