

FINANCIAL SERVICES TRIBUNAL

IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990, c.P.8, as amended by the *Financial Services Commission of Ontario Act*, 1997, S.O. 1997, c.28 (“the Act”);

AND IN THE MATTER OF a Notice of Proposal to Refuse to Approve a Report on the Actuarial Valuation of the Plan Termination as at December 31, 2001 dated May 7, 2002 in respect of the Retirement Plan for Salaried Employees of Famous Players Limited and Subsidiary and Affiliated Companies, Registration Number 552752 (the “Plan”);

AND IN THE MATTER OF a Notice of Proposal to Refuse to Consent to an Application under section 78(1) of the *Act* submitted by Paramount Pictures (Canada) Inc. in respect of the Retirement Plan for Salaried Employees of Famous Players Limited and Subsidiary and Affiliated Companies, Registration Number 552752 (the “Plan”);

AND IN THE MATTER OF a Notice of Proposal to make an Order under section 69 of the *Act*, in respect of the Retirement Plan for Salaried Employees of Famous Players Limited and Subsidiary and Affiliated Companies, Registration Number 552752 (the “Plan”);

AND IN THE MATTER OF a Hearing in accordance with subsection 89(8) of the Act.

B E T W E E N:

CBS CANADA HOLDINGS CO.
(Previously known as PARAMOUNT PICTURES (CANADA) INC. and CBS PICTURES CANADA INC.)

Applicant

- and -

SUPERINTENDENT OF FINANCIAL SERVICES

Respondents

- and -

GERALD DILLON

ORDER

WHEREAS the parties have agreed upon terms of settlement as evidenced by the attached Minutes of Settlement;

AND WHEREAS the parties have consented to the terms of this Order;

THE TRIBUNAL ORDERS:

1. The Minutes of Settlement are hereby approved and binding on the parties;
2. The Applicant is granted leave to withdraw its Requests for Hearing, without costs or any other conditions other than as set out below and in the Minutes of Settlement;
3. Thereafter, the Superintendent of Financial Services shall immediately withdraw the Notices of Proposal and will refrain from carrying out said Notices of Proposal; and

ORDER ACCORDINGLY

Dated at Toronto, Ontario, this 18th day of April, 2007

"Ralph Scane"
Ralph Scane
Member of the Tribunal and Chair of the Panel

"Heather Gavin"
Heather Gavin
Member of the Tribunal and of the Panel

"Louis Erlichman"
Louis Erlichman
Member of the Tribunal and of the Panel

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B E T W E E N:

CBS CANADA HOLDINGS CO.
(Previously known as **PARAMOUNT PICTURES (CANADA) INC.** and **CBS PICTURES CANADA INC.**)

Applicant

- and -

SUPERINTENDENT OF FINANCIAL SERVICES

Respondent

- and -

GERALD DILLON

MINUTES OF SETTLEMENT

WHEREAS CBS Canada Holdings Co. (formerly known as Paramount Pictures (Canada) Inc. and CBS Pictures Canada Inc) (the "Corporation") maintains The Retirement Plan for Salaried Employees of Famous Players Limited and Subsidiary and Affiliated Companies (the "Plan");

AND WHEREAS if the Plan were wound up as at December 31, 2001, there would be sufficient assets in the Plan to satisfy all of the liabilities of the Plan and leave a surplus of approximately \$33 million;

AND WHEREAS in May 2001, the Corporation presented a proposal to terminate the Plan and share the surplus among the Corporation and beneficiaries of the Plan;

AND WHEREAS in connection with its proposal, the Corporation received executed surplus sharing agreements (the "Surplus Sharing Agreements") from or on behalf of 87% of those with an interest in the Plan as at May 23, 2001;

AND WHEREAS on August 27, 2002, in furtherance of the Surplus Sharing Agreements, the Corporation filed with the Superintendent of Financial Services (the "Superintendent") a conditional wind-up report as at December 31, 2001 which set out the nature of the basic benefits to be provided to Plan members, former members and other persons entitled to benefits under the Plan (the "Original Wind-up Report");

AND WHEREAS the Original Wind-up Report specifically provided that the proposed termination of the Plan was contingent upon receipt by the Corporation of all necessary approvals of the proposed surplus sharing arrangement with members, former members and other persons entitled to benefits under the Plan;

AND WHEREAS on January 9, 2003, the Corporation submitted an application to the Superintendent for his consent to the withdrawal of surplus from the Plan in accordance with the Surplus Sharing Agreements;

AND WHEREAS between January 9, 2003 and November 2004, there was on-going correspondence and discussion between the Corporation and the Superintendent's staff regarding the application;

AND WHEREAS on December 3, 2004, the Superintendent issued three Notices of Proposal in connection with the Plan (the "Notices of Proposal") proposing to (1) reject the Original Wind-up Report; (2) refuse to consent to the withdrawal of surplus from the Plan in accordance with the Surplus Sharing Agreements; and (3) order a wind-up of the Plan;

AND WHEREAS the Corporation filed a Request for Hearing in respect of the three Notices of Proposal;

AND WHEREAS following a Settlement Conference in June 2005 at the Financial Services Tribunal, it was agreed that the proceedings before the Financial Services Tribunal (the "FST Hearing") would be held in abeyance to permit the Corporation to obtain a court order approving a settlement relating to entitlement to the surplus;

AND WHEREAS in August 2005, Gerald Dillon (the "Representative") and others retained legal counsel, Koskie Minsky LLP, to provide legal advice in respect of the Surplus Sharing Agreements;

AND WHEREAS the Representative has been made a party to the FST Hearing and was appointed with others by the Court to act as representatives of all persons (and the estates, heirs, successors, beneficiaries, assignees and representatives thereof) who had a benefit entitlement as at May 23, 2001 under the Plan (the "Class");

AND WHEREAS as a result of those negotiations, the Corporation and the Representative agreed to a revised surplus sharing agreement, the terms of which are set out in a signed Surplus Sharing Agreement dated as of September 7, 2006 (the Revised Surplus Sharing Agreement");

AND WHEREAS the Revised Surplus Sharing Agreement was approved by or on behalf of 131 of the 139 Plan beneficiaries representing 94% of the Class;

AND WHEREAS the Revised Surplus Sharing Agreement was approved on behalf of the entire Class by a judgment of the Ontario Superior Court of Justice on September 11, 2006 in a proceeding commenced in Toronto with court file number 06-CV-304599CP (the Judgment);

AND WHEREAS the Judgment orders that the Corporation is entitled to surplus in the Plan in accordance with the Revised Surplus Sharing Agreement;

AND WHEREAS the Corporation by a resolution of its sole director dated December 20, 2006 has approved the unconditional wind up of the Plan;

AND WHEREAS the Corporation has filed a revised wind up report dated December 21, 2006 (the Revised Wind-up Report) reflecting the unconditional wind up of the Plan and the Revised Surplus Sharing Agreement;

AND WHEREAS the Corporation has filed the a revised application dated December 21, 2006 for the withdrawal of surplus from the Plan in accordance with the Judgment and the Revised Surplus Sharing Agreement (the "Revised Surplus Withdrawal Application");

AND WHEREAS the Superintendent by letter dated March 9, 2007 approved the Revised Wind-up Report;

AND WHEREAS the Superintendent issued a Notice of Proposal dated March 30, 2007 (the "2007 NOP") proposing to approve the withdrawal of surplus in accordance with the Revised Surplus Withdrawal Application;

AND WHEREAS the parties to these Minutes of Settlement wish to resolve all remaining issues in these proceedings;

NOW THEREFORE IN CONSIDERATION of the mutual covenants and agreements set forth in these Minutes of Settlement, the sufficiency of which is acknowledged by all parties, the parties hereto by their solicitors agree to the following terms in full and final settlement of all issues arising from the subject matter of these proceedings:

1. Unless a Request for Hearing in respect of the 2007 NOP is filed on or before May 11, 2007, the Superintendent shall consent with an effective date of July 31, 2007 to the Corporation's Revised Surplus Withdrawal Application.
2. The Corporation shall withdraw its Requests for Hearing in respect of the three Notices of Proposal.
3. The Superintendent shall withdraw the three Notices of Proposal
4. The parties hereto consent to an order by the Financial Service Tribunal approving the disposition of the FST Hearing without costs on the terms set out herein.

Dated at Toronto, Ontario, this 18th day of April, 2007

"Deborah McPhail"

Superintendent of Financial Services
per Deborah McPhail

Dated at Toronto, Ontario, this 18th day of April, 2007

"J. Prestage"
CBS Canada Holdings Co.
per Blake Cassels & Graydon LLP.

Dated at Toronto, Ontario, this 18th day of April, 2007

"Ari Kaplan"
Gerald Dillon per Koskie Minsky LLP.